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OCTOBER 1975
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FIGHTING CENSORSHIP FOR PROFIT: INTERVIEW WITH PENTHOUSE'S BOB GUCCIONE

COMSTOCK'S NEMESIS: THEODORE SCHROEDER BY DAVID BRUDNOY

LEARNING ECONOMICS FROM WALT DISNEY WORLD BY DAVID LEVY

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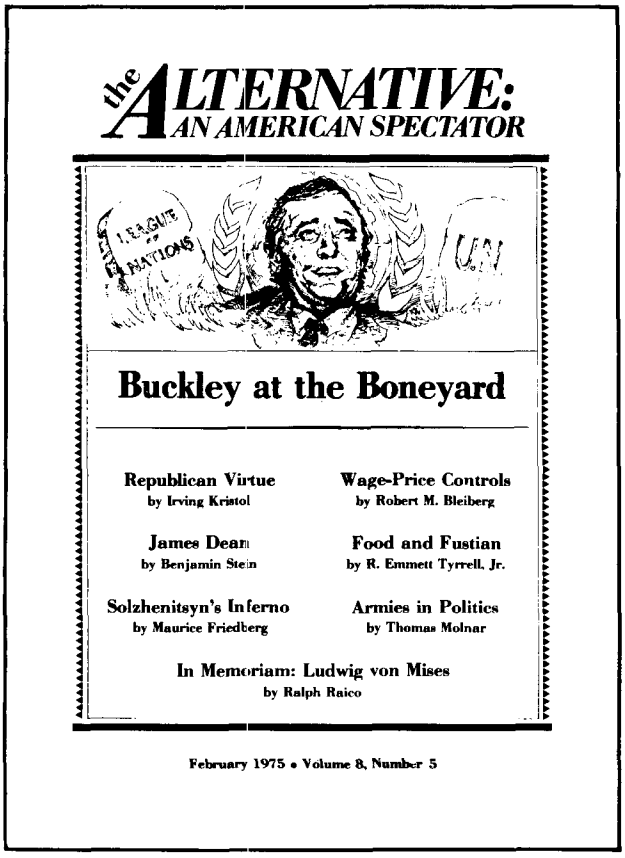

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editorial

LIBERTY AND THE PROTESTS OF CORPORATIONS

Free market ideas, in various disguises, seem to be catching on in big business. There are serious exceptions, of course. (The Humphrey-Javits Economic Planning Act has the support of several major corporations.) But, among others, Mobil Oil Corporation has been putting ads in many major publications which state support for the free market. One recent Mobil ad states that "There are many bills in Congress today specifically designed to restrict the petroleum industry's ability to do its job. Bills that would, in effect, deny the industry the right to operate in a free market. Which, if not coercive, is at least intolerable." The ad also states that "nothing fine-tunes incentives better than the marketplace." Moreover, the ad goes on, "A free market, if we may be rebels enough to say so, is still the best device for bringing about greater energy self-sufficiency. If that sounds a little radical to some people, we can only add: *If this be treason, make the most of it!*"

It would be gratifying to witness all this if we could forget some of the earlier ideas which many major corporations advanced in their attempts to achieve success. Who can forget that most if not all natural gas companies are public utilities—that is, private firms which are legally protected monopolies. California's Pacific Gas & Electric has recently been faced with threats of municipalization in Berkeley—the referenda on the last two occasions barely passed in favor of letting PG&E continue with its operations. Yet PG&E is already a monopoly, so its case against municipalization of gas and electric distribution in Berkeley is difficult to support. One can at best say that between the two evils of private and public legal monopolies, the former is to be preferred. Deregulation of natural gas, decontrol of its price, is also generally supportable only by keeping in mind that although natural gas distribution remains legally monopolized, the relative decentralization that still exists despite such monopolized distribution is preferable to centralized federal regulation and control. (Despite the legal monopolies held by natural gas companies, as public utilities, some competition can now exist via various substitute goods and services. So decontrol of prices will not necessarily be monopolistic pricing.)

In general, then, the rational approach to dealing with the current, albeit not universal, support big business is giving to the idea of the free market is not easy to identify. In some cases injustices might at least be shifted by slapping big business on the wrist with heavy taxes, municipalization, even nationalization. Yet one cannot forget that those now managing and owning these corporations could very well be sincere in their, as opposed to their forerunners', advocacy of the free market.

One way to test this sincerity is to propose to the businesses coming out for freedom that they change their practice of sponsoring statist oriented intellectual and artistic programs on TV. Their advertising practices could be clear testimony of their seriousness. Why is General Motors placing huge ads in *The Progressive?* It is hardly your top free market, procapitalist periodical. Why is Mobil Oil Corporation sponsoring so much of the elitist programming on public television? They could choose to sponsor more of the independent station programming, including some special documentaries available which point up the virtues of a free society.

To many people it is distressing that the case for the free society is so closely associated with economics. Granted, economic freedom, legal protection and preservation of the institution of private property, is essential to all other liberties. But the justification for the free society is not itself mainly an economic theory. Emphasizing economics to the exclusion of other considerations such as education, art, entertainment, science, and the many other kinds of valuable human activities can mislead those who are undecided about their political position. Are those who defend liberty simply supporting those who wish to get rich? Is that the main benefit of a free society? While the economic analysis that shows that freedom is a condition more conducive to efficient, productive market activities does not imply this, lack of concern with other dimensions of freedom may make it appear this way.

For corporations which have lately come to see the value of liberty the main advice to be given is: Liberty is good for everyone, be that a person in business, in education, science, etc. When Mobil announces that it opposes censorship of the arts, violation of people's privacy by narcotics agents, the subsidization of Lockheed Corporation, the special protection of multinational corporations via government insurance which the taxpayers are forced to back—only then can their newfound support of liberty be taken seriously. Not that Mobil Oil and the rest should not pursue their selfish interest. They certainly should. But rights, including the right to liberty, are general features, applicable to all members of a human community. Giving them selective support is not giving them support enough.

—TIBOR R. MACHAN

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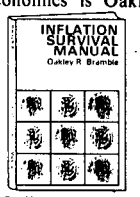

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Fighting Censorship for

an interview with Bob Guccione

Penthouse *Magazine burst upon the American market in 1969. In many ways a direct copy of* Playboy *(in concept, features, and even the name of its "Forum" letters section),* Penthouse *soon managed to establish a unique identity. How? By giving its readers more of what they originally bought* Playboy *for: sex. But not the cheap, sniggering sex that characterized many of* Playboy's *imitators;* Penthouse *set new standards in sophisticated erotic photography and provided a significant number of articles and features dealing frankly with sexual issues. In the ultimate proving ground of the marketplace,* Penthouse*'s approach was wildly successful. Its circulation reached four million by 1975, second only to* Playboy's, *and so worried Number 1 that the latter revised its photographic standards and even launched a competitor,* Oui, *aimed directly at* Penthouse.

All of which is quite a compliment to the business sense of Bob Guccione, the founder, editor, publisher, and owner of Penthouse. *Guccione was born in New York of Sicilian ancestry. He studied art at Blair Academy, then moved to Europe where he supplemented his income as a painter with an assortment of odd jobs, including stints for various publications. Getting turned on to publishing, he launched* Penthouse *as an English magazine in London in 1965. Initial harassment by the British Post Office on grounds of "obscenity" served to generate enough publicity to guarantee the new magazine's success; it quickly became England's best-selling men's magazine. As noted above, the American version debuted in 1969, with similar success. Today the Penthouse empire includes the magazines* Forum *and* Viva, *as well as a book club and book publishing arm, night clubs, jewelry, and assorted paraphernalia.*

From the outset, Penthouse *has been an outspoken defender of free speech and press, and opponent of any form of censorship. At the same time, the magazine's editorial policy has avoided the kind of liberal-left articles that represent* Playboy*'s quest for Establishment respectability. All of which made us wonder about Bob Guccione's political philosophy. Was he, perhaps, a near-libertarian, a potential ally in the struggle against the Big Brother state? We got our chance to find out when Guccione traveled to Los Angeles to debate the issue of censorship with Robert Dornan of Citizens for Decent Literature. Editor Manuel Klausner, assisted by C. Ronald Kimberling, interviewed Guccione at his suite in the Beverly Hills Hotel.*

As the results below make clear, Guccione is not a "libertarian"; he accepts most of the common government interventions into people's lives and businesses, and the commonly-given justifications for them. As his answers indicate, he is unaware (as are most businessmen) of the economic and historical arguments that undermine the case for interventionism.

Profit

Yet if freedom is to be restored, it is business leaders like Guccione who must be reached. Hopefully, this interview will stimulate thinking on how to do this.

REASON: I'd like to ask first of all, what your purpose was in launching *Penthouse*.

GUCCIONE: The purpose was to bail myself out of England. I'd been living there about eight years and unable to earn enough money to pay my way back to the States. I'd gone to England from Paris where I'd been living and working as a painter. And England was the closest English-speaking country and I had gone absolutely stone-cold broke. I had a burgeoning family at the time and I thought I could find a job in England. In fact I was never able to pay my way out and when I started *Penthouse* it became very successful very quickly and so I was *still* unable to afford to leave the country because I was unable to afford to leave behind something as good and as successful as *Penthouse* was. So it took me altogether 15 years to get out of England.

REASON: Did you have any idea when you launched *Penthouse* of pioneering a new climate of permissiveness or of launching an ideological crusade against censorship.

GUCCIONE: Well, if I didn't going in, I did immediately as the announcements were made that *Penthouse* was going to come out. I've always been a great supporter of individual freedom even when I had no political bias to my interests at all, and when I first thought of *Penthouse,* the real reason why I started was that I was editing a national weekly newspaper which folded for lack of advertising support. I learned one of the great lessons of publishing. You don't publish a newspaper or magazine which depends on advertising and on the whims of other people and on their tastes and their morality for support. I had no financial interest in the paper other than that of an employee. When the paper folded I noted that *Playboy* was the only successful—indeed the only slick man's magazine—on the British market, and it was an American publication, and I couldn't understand why—there was not a British answer to it. And it was at that point that I set about trying to create the British counterpart.

I spent practically three years trying to raise money to do it. When I first launched the magazine, or rather launched the campaign which was a pre-publication subscription campaign (a direct mail campaign rather like Ginsberg did in this country when he launched *Eros*), the furor that it kicked up as a result of the brochures going astray was incredible. Where I thought I was mailing to thousands and thousands of doctors and other professional people, I was in fact sending these brochures containing eight beautiful nudes to 14 year old schoolboys, and old age pensioners and vicars and so on. And members of Parliament. So the screams went up all over the country and in a very short time three separate Parliamentary subcommittees were formed to investigate me and stamp me out, and I was heralded as the harbinger of a new wave of pornography which threatened to flood Britain. Eventually I put something like a million pieces into the mails, which in England has never been done before; it was a monstrous, apocalyptic mail order campaign by their standards. I'd be driving along in my car listening to the BBC and hearing some member of Parliament swear on his life that *Penthouse* would never see the light of day. He was going to stamp me out.

"I've always been a great supporter of individual freedom even when I had no political bias to my interests at all."

REASON: Were you threatened with being imprisoned because of your activities at *Penthouse?*

GUCCIONE: I was threatened with everything. The Home Secretary tried to get me deported. Questions were asked literally every day for something like three months. One member of Parliament would stand up in the House of Commons and demand that the Postmaster General or the Director of Public Prosecution or the Attorney General or some other cabinet minister resolve the *Penthouse* situation. We were on the news every day and this is really what made *Penthouse* such a success when we first came out. In order finally to stop us, the police reasoned that if I could be stopped economically—because I had no substance at the time—I'd done all this on credit—*Penthouse* would not come out. So they dug up an old law which dealt with the sending of indecent, not obscene but indecent materials through the post and two policemen were assigned eight-hour shifts three times a day so that six cops were sitting outside my house in Chelsea in London—three 8-hour shifts a day for two solid weeks, ready to hand me this summons. Since it was a technical rather than a criminal summons, they couldn't enter my premises. So the police were waiting for me to come out of the house and they were going to hit me with the summons—but of course I had no intention of leaving at that time, knowing what their tactics were. I had a staff of one—an art director was working for me. And he would arrive every morning with galleys and then he would stick the galleys in the letter box and I would collect them and with the galleys would come sandwiches and chewing gum and cigarettes—the whole thing was like a farce, with the Keystone cops sitting across the street.

REASON: Did they ever get to serve their summons on you?

GUCCIONE: They did eventually, because my lawyers told me when it was time for me to come out and take the summons, because we knew that properly timed the court case would have put the finishing touches on a landslide success that we then anticipated with the first issue of *Penthouse* because everybody in England knew that this magazine was going to come out.

REASON: What was the original press run for *Penthouse?*

GUCCIONE: It was 120,000, which is very big in England. And when *Penthouse* hit 300,000 it became the all time biggest selling slick magazine in England —at a figure of 300,000. Today in England it's 490,000.

REASON: Did you have any political supporters in Parliament during these early frantic periods?

GUCCIONE: No. Because at that time it was so new that no one really knew what to expect of me because I had no record of publishing in England. I had only been an employee of a newspaper, which was a very ordinary, conservative, Anglo-American kind of newspaper, so there was nothing to judge. So no one was going to align themselves with me—they did not know what I really stood for.

REASON: Did you have any political allegiance at the time or political affiliation?

GUCCIONE: Not going in. I emerged, I suppose, as a great libertarian as far as the British system was concerned, but there was no group or party with which I affiliated myself.

REASON: Do you have any *current* political allegiance with any established party?

GUCCIONE: No. I don't. I've always considered

myself extremely conservative in purely social terms and in fiscal terms. As far as art is concerned or publishing or first amendment rights then I am very much a libertarian. I was once asked on a TV show in Washington what my political position was, and I had never considered it before, because I had never considered myself a political animal—I've never voted because I'm not a party man and I don't follow individuals—I'm a strictly constitutional man. I think if you interfere with the Constitution of the United States you're violating government as it should be. The way our government was created ideally is the way I think it should be in effect today. If one takes Thomas Jefferson's philosophy as a way of government then I don't think it's possible to do any better.

REASON: What do you believe to be the proper role of government?

GUCCIONE: I think government is there to protect us from each other. Government's there to see to it that our freedoms are fully guaranteed and that our rights are fully implementable at all times. They're not there to control our way of life—only to insure that our way of life as guaranteed by the Constitution is always accessible to us.

REASON: Let me ask your views on some specific issues, Bob; where do you stand on the question of legalized gambling?

GUCCIONE: Well, I think gambling should be legalized, because I think gambling's going on everywhere. There isn't a state in the United States in which you cannot find illegal games, and I'd rather see local and federal governments collect their taxes from legalized gambling rather than from other popular sources. Meanwhile, the underworld is ripping off the cream through gaming. There are billions and billions of dollars that go underground every year as a result of illicit gaming. It's stupid to try and say that gambling is a phenomenon of morality. It only becomes a moral problem when you inhibit the people—when you stop them and say well this is not right—you shouldn't gamble—and pass laws to ensure that they don't gamble. This creates a moral problem, but until the government passes such laws it's not a moral problem. It's something that man has always done,

"When control is taken from the hands of the individual—as it is in the case of alcoholism and in the case of drug addiction—then it has to be bad."

and like prostitution, always will do. You'll never stamp it out.

REASON: I presume that you're also in favor of legalizing prostitution?

GUCCIONE: Absolutely. Because, again, like gaming, it's always gone on. It *is* the world's oldest profession—no question about it—and it is absolutely natural to man and woman that these needs be satisfied and that there are people to satisfy them. I think that perhaps more marriages would be saved in the end if men and women had some alternative source of excitement in their lives. Men perhaps would then not have to go out and cultivate serious relationships in order to get laid. Prostitution has always been therapeutic and to say we as a society don't need this sort of therapy is to deny the existence of the "illness"—the existence of sexual incompatability between people. But there is sexual incompatability between more married people than not.

REASON: What if we turn to another area of consensual conduct; how do you feel about the propriety of laws against drug use or drug possession?

GUCCIONE: Well, this is one area in which, perhaps, I'm much too conservative for the tastes of the

libertarian movement. I think this is one of the few areas where social conduct *must* be regulated by some kind of governmental machinery—whether it's police or whatever. *Penthouse* has fought a lot of battles on this front and we've done a lot of investigative reporting. We managed to get 17 separate pieces of legislation through Congress dealing with drug traffic and drug abuse in this country—and if we had any hobby at all, outside of the new veterans thing that we're running, it's dealing with drug trafficking. We located and pinpointed on maps the Turkish poppy fields where opium was being cultivated and then shipped in to Marseilles—and we turned up the very plant where it was being processed before it was sent into the United States.

REASON: That sounds like Bill Buckley taking pride in leading the crusade against censorship! How do you reconcile your view that private consensual sexual conduct should be legal and private consensual conduct involving say the use of marijuana in somebody's home should be criminal.

"I believe to some extent we must regulate the activities of our society if we are to have a society, because order and society are one and the same thing."

GUCCIONE: Well, it seems like a dichotomy, but it really isn't. Because I'm not talking about marijuana. I do not regard marijuana as a drug. It's not as much of a drug as nicotine and it's not as conducive to social disorder, say, as alcohol is. I regard it as a completely harmless kind of soft drug.

I'm talking about hard drugs such as heroin and cocaine and there's a great difference between hard drugs and sexual activity. One can to the greatest possible extent control one's feelings, sexually, unless one is sick, but one cannot control the debilitating spread of drug use. We know that pregnant women on drugs are going to give birth to drug addicted infants. And it's very easy to hook innocent people on drugs and they have no control over that. I think that in an area where an individual is likely to lose control (which I would assume would be contrary to the philosophy of the libertarian movement), when control is taken from the hands of the individual—as it is in the case of alcoholism and it is in the case of drug addiction—then it has to be bad.

REASON: Where do you stand, Bob, on prohibition of alcohol? Are you in favor of another prohibition experience?

GUCCIONE: Not at all.

REASON: How do you distinguish that from hard drugs?

GUCCIONE: Because, once again, it's very easy to become addicted. It's much more easy to become addicted to a narcotic, to a hard drug, than it is to become an alcoholic. Alcoholics are not made by drink. Alcoholics are people who are as mentally, emotionally and psychologically disposed to becoming hooked on alcohol as they are to becoming hooked on drugs. In other words, there is an alcoholic prone or a drug addict prone type. But it takes a lot longer for alcohol to have that effect on the individual—to hook the individual. And finally, it is not as destructive as drug abuse—I mean, people don't go out and rob and kill and maim to get enough money to support a drink habit that they do to support a drug habit. Even if alcohol was prohibited and was selling for the highest possible price—it would never sell for the kind of prices that drugs do.

REASON: What about the inherent unenforceability of laws against private consensual conduct such as drug trafficking. Don't you think that there are great social costs that society must bear if they attempt to wage the ineffective fight against drug use by passing criminal laws?

GUCCIONE: Well this unfortunately is one of the most fragile points of society—police corruption is a natural social phenomenon and it never has been and it will never be possible to completely enforce the law where there are these amounts of money concerned. There's organized criminal activity in the dealing of drugs—there's to a great extent government complicity in the trafficking of drugs: there certainly was in Southeast Asia.

And how one finally resolves the problem, I don't know. I believe these things should be resolved through education and I believe in the old cliche that education is the answer to most of our social ills. The greater the area of communication between two individuals on the sexual front, the more likely the relationship is going to last. The same thing is true for government and society. The broader the dialog between the two the greater the understanding and the greater the areas of communication—the greater the touch points between the two, the more likely the relationship between society and government is going to last.

REASON: Bob, how do you respond to the argument that's made by proponents of censorship that exposure to pornography or obscenity has long run deleterious effects on society and therefore there's a proper role for government in trying to suppress obscenity or pornography.

GUCCIONE: There's no foundation in fact whatsoever to that argument. In fact the four major studies that have been done in the Western world in recent years, although they were treated differently and were done under different social conditions, in basically different societies (American, Danish, British, and German) nonetheless the findings were precisely the same. There's no evidence at all that pornography has any deleterious effect either on adults or on children. In fact, there's an enormous amount of evidence to show that pornography has positive therapeutic value in the treatment of a lot of sexual deviates who need this kind of stimulation.

REASON: Who do you feel about the issue of abortion?

GUCCIONE: I've always believed that a person should have the final say over his own body. You're the master of your own universe, your own world, and certainly this is true in the case of abortion. If a woman wants to rid her body of an unwanted child, that's her business and she should have that right. Drug abuse again is something else. It's something that in practice you cannot confine to the limitations of your own body, and your own world. You may abuse yourself, but in order to go on abusing yourself, you will inevitably have to go ahead and abuse others and that's where I draw the line.

REASON: You're currently running a series in *Penthouse* on the problems facing Vietnam veterans and talking about the problems of the Vietnam vet who's been left all alone here in the nation's haste to forget the war to grapple with his own problems. Let me ask you a question which goes prior to the existence of Vietnamese veterans: do you believe, Bob, that conscription of an individual to fight a war is ever justified?

GUCCIONE: I'm afraid that once again I take what is a much more moderate stand on this than your group. I believe that there comes a time in the life of any society when it is necessary for a government to—for its own protection and protection of the society at large—to be able to force an individual to do something which is bad, which is against his best wishes. There are very, very few instances but in the case of the war, yes, if your country's attacked, the government ideally represents the heart and soul, the brain of that society, and it's at a moment like that, just as the brain snaps to attention and forces the body to move in a certain defensive way, that conscription can become necessary and should be accepted and recognized as such. Now if the government, as in the case of the Vietnam War, involves itself for reasons other than those which would benefit society at large, then I think that certainly something should be done about the government. But

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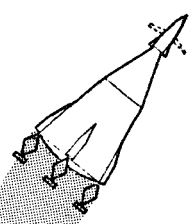

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if one is, as in the case of the Second World War, forced to defend one's homeland, and if enough people don't volunteer, then I think that conscription has to be necessary. There is the old saw about the country is good for you while you make something of this way of life in times of peace, therefore in times of war every good man has to come to the aid of his country. I really believe that.

REASON: Are you familiar with the works of Revisionist historians such as Harry Elmer Barnes, or Kolko or some of the others who have talked about the origins of World War II or World War I or the Korean War and place responsibility at least in part on the activity of the American governments and other Western governments in getting involved in these conflagrations?

GUCCIONE: I've heard a lot of these theories and in some instances I agree with them. I think that whereas wars are not fought today for religious, ideological reasons as they were in the past, they're now being fought for other reasons, such as economic reasons. I think big business—huge industrial and fuel interests may want to get us into a war.

"I believe the government should create the schools, because what else are we paying taxes for?"

REASON: Do you think American students should be conscripted to fight in such a war?

GUCCIONE: I don't think that we have any choice. Because whatever creates a war, whatever starts a war, it's the *fact* of war which makes conscription necessary or not. You can't say, look I'm not going to fight this war because it was started by the combined oil interests of the United States, and let the guys that own the oil companies and the gas stations go off and fight the war. You can't say that because war is a fact of life and a fact of death.

REASON: Well, what about the Vietnamese War? Was conscription justified as to American citizens to fight in that war?

GUCCIONE: As the Vietnam War was going on I supported it because, again, the war was a fact of life. But I don't believe that it was necessary for us to be in that war, and I don't believe along with that there should have been conscription. I think that we should never have gone in there in the first instance, but once in there I think that we certainly had to fight. We certainly had as a society to support it.

REASON: Where do you stand on the question of amnesty for draft evaders?

GUCCIONE: I don't agree with it. I don't believe that the draft dodgers should receive amnesty. Because that sets them apart from those who accepted the conscription, a lot of whom died, who regarded the war as just as hostile to their own philosophy of life, just as incompatible with their feelings and their sentiments, as those who successfully evaded the draft. Why do we punish one member of society and not another for the self-same cause. I think that if guys who allowed themselves to be conscripted against their best wishes and the wishes of their family went off to fight an unpopular war, and died for it, or were maimed or wounded or in some way permanently affected by the war, then I think equal punishment, and it *is* punishment, should be meted out to those who at the time successfully evaded the draft.

REASON: If there were several publishers or movie producers that were in prison for violating pornography laws, might you not also argue that we should, in fairness to those who are serving time (such as Ginsberg), punish the rest of these guys who are still outside roaming free to publish their filthy trash.

GUCCIONE: No. Because I don't believe that in the first instance people like Ginsberg should have been locked up. I mean, it's not possible to compare sex, pornography, obscenity—morality on that level—with war, with killing, murder, violence. These are two completely separate things.

REASON: To change the subject, what do you think, Bob, is the proper role of the government as to the problem of racial discrimination.

GUCCIONE: Well I don't see the government has any role in racial discrimination. I think racial discrimination is a social phenomenon and government should play no part in it. I don't believe in busing—forcing a child to go to a school that may be a long way away from his home, just to satisfy the ostensible social need for integration. I think this makes a mockery of our social system and our freedoms. I think if there's an all black school or all white school it's because it's an all black neighborhood or an all white neighborhood. People should have the right to move where they want to move; if they can afford to live in a certain area it should be entirely up to them whether they want to live in that area or not. In no way should a government interfere with social conditions at this level—strictly social conditions.

REASON: What about the government role in operating public schools and compulsory school attendance laws? Do you think that's justifiable or proper?

GUCCIONE: I think that up to a certain age it becomes necessary to enforce education. It's not possible to harm a child by forcing him to go to school up to a certain number of years. I think that there has to be a social order. Where the libertarian movement, I believe, goes wrong, is that it makes the same mistakes as the more conservative in that it lays down absolute laws.

Saying that there shall be no law to regulate the life of the individual is an absolute—it's like saying there should be such a thing as absolute freedom. There cannot be absolute freedom because absolute freedom is anarchy. There must be a social order of some sort if we're to live together as a society. (Those who don't want to live under the social system are obviously free to move to some other country to form their own social order somewhere else—I mean, that's why the United States was formed in the beginning.) So I believe to some extent we must regulate the activities of our society if we are to have a society, because order and society are one and the same thing.

REASON: How do you feel about the problem of government indoctrination of children in terms of teaching them the advantages of government control over the economy, and government suppression of literature and whatever, as against private schools which would be free to inculcate children in any philosophy they deemed appropriate, whether it's individualistic or socialistic?

GUCCIONE: Well I'm not aware that public schools are being used by the government to ram government philosophies into the heads of kids—I don't see that and it certainly wasn't my experience. I went to a public school and I also went to a private school and I found that the class was very much a self contained educational unit controlled by the teacher and the children were subject to the teacher's personal philosophy or his personal attitudes. I never remember having any kind of government propaganda jammed down my throat and if I saw that in existence today, I would yank my kid out of a school like that. I would not allow my children to attend such a school.

I believe the government should create the schools because what else are we paying taxes for? To make education possible. And at least in the formative years of a child see to it that that child attends school. After the child can make up his own mind and reaches some semblance of intellectual maturity, then the child has a right to make up its own mind whether it should attend school or not. There are a lot of parents who are irresponsible, and given an opportunity would keep their kids out of school and wouldn't really care whether the kids went to school or not. That's just another instance where the individual—i.e., the child—is having its life possibly damaged by irresponsible parents, whereas it should be placed in this educational environment until such time as it can make up its own mind. And I think that should be compatible with the libertarian movement.

REASON: There are many critics who say the public school system is a failure. People are graduating from high school without even knowing how to read or write, and discipline is more of a problem than education is in many inner city schools. Do you think that the notion that we tax people to support these kind of schools and that these kind of schools can rely on the continuing inflow of tax revenue whether they do a good job or bad, is defensible?

GUCCIONE: Well, there's a very simple answer to that. Where schools don't meet the standards that a local community would require of them, in this instance educationally, then the local community should do something about it. I mean they should absolutely refuse to pay their taxes if they can't get any results with their local public schools. Or they ought to vote whoever's in power in that particular town or county out. You know we still have our voting rights, and I've even done this, where I've stood up and refused to pay taxes.

REASON: Could you be specific? What's your experience been in refusing to pay taxes, Bob?

GUCCIONE: Well, for six years I refused publicly to pay my taxes in England. I became in my area of business, which is publishing, the biggest single earner of foreign currency from Britain. I structured my company in such a fashion as I did not have to pay the taxes that they would normally require of me. And I gave my reasons. I said you did everything possible to stop me, and a great deal of other things happened in England to show that I was not acceptable to Britain—not being an old public school boy in the British system, not being British, being

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American, being Italian-American and all that sort of thing—so I said, "Well, fuck you. You know I've worked for this money and it's mine and I created a foreign corporation which absorbed the foreign income which was otherwise being flowed into Britain."

REASON: Well, Bob, aren't you talking about tax avoidance rather than tax evasion? Have you ever refused to pay a tax that you were not able to circumvent through careful planning?

GUCCIONE: No. Because it's too easy for the other side just to pick you up and lock you up. There's no fight against that. What I did do I did publicly.

REASON: Do you see any justification for ever requiring an individual to pay taxes against his will to support an activity that he prefers not to support.

GUCCIONE: Yes. For the same reasons I gave you before. If you accept living in a society then you must recognize the need for some social order, and there is no machinery for dealing with individual needs and individual tastes in a community as large as the 200,000,000 population of the United States. You can't say all right, some of you want the war to go on in Vietnam so we will take so much from you and a lot of you don't want the war so you won't have to pay your taxes to support it. This just cannot be. It's not a practical situation.

"You cannot have a highly industrialized society like this and a highly competitive free enterprise society without some kind of mechanism for fundamentally controlling the economy."

Ideologically, of course I agree with you. Theoretically, I agree that no one should pay for things that they don't want. I don't like to pay taxes to support cops that run around chasing people on the highways and give you tickets because you stand too long outside of a supermarket. My argument is like everybody else's argument in this country. "Well, why don't you go out and catch a thief or go out and stop a drug peddler? What are you hanging around highways and lurking behind sign boards and hiding up driveways just to snatch people that go by? Haven't you got anything better to do?" So in theory I agree with you, but in practice I cannot.

REASON: It seems to me that you've shown the world that in theory you might be able to stand for something and you might also be able to achieve that aim in practice. Why are you so timid on issues that don't relate to censorship or pornography?

GUCCIONE: Because, the battles that I fight, I fight in the most difficult way. That is, if you're fighting a battle within the social order, the most difficult way is to fight with the other man's weapons. If you're called out on a duel and the guy says to you, here, you have a choice of guns, period, that's no choice. Those are his weapons. If you accept those it's the hardest way to fight a battle if the gun happens not to be your forte. I've always fought my battles within the system. So if I've won, I've won on the other man's terms. I've never tried to fight those battles entirely on my own territory, because it's the easiest thing in the world to say, OK I refuse to do this and become a martyr. They lock you up and they stick you behind bars and you're rendered ineffectual. I'd rather be successful; I'd rather fight a guerilla action than an organized war.

REASON: Let me ask, Bob, to turn to another area, how do you feel about the propriety of such regulations as wage price controls or minimum wage laws?

GUCCIONE: Price controls to stop inflation for example may become necessary, and once again one has to regard the practical aspects of an economy in action. In some instances I'm in favor of price controls and other times I think that it inhibits the competitive stance of private industry. But if our economy was not subject to the same kind of mechanistic order that society is at large, then we would have a kind of economic anarchy and that cannot possibly benefit us as individuals.

REASON: Do you believe in free trade?

GUCCIONE: Yes. Absolutely.

REASON: Do you consider economic freedom to be as important or less important that other basic freedoms?

GUCCIONE: No. I think every freedom is equally important. You cannot take one freedom away from a man—economic freedom, intellectual freedom, freedom of speech. You cannot take one freedom away and allow the other freedoms to remain, because each freedom impinges on the other.

REASON: Do you think, Bob, that the government should have the right to control the price at which you sell a copy of *Penthouse* or ad space in *Penthouse?*

GUCCIONE: Under normal circumstances I would say no. But the controlling, for example, of the cover prices of magazines today has been made to some

extent necessary by the shortage of paper and the upward cost of supply.

REASON: Given the experience that we've had with wage price controls in the United States since 1971 it's interesting that you would emphasize the practical side and still be in favor of wage price controls whereas most business men are saying that wage price controls have been ineffective, they lead to shortages, they protracted the inflationary period, and they don't at all help the problems of inflation.

GUCCIONE: Well I'm not saying that the way it's done—that it's done properly. These people are criticizing the manner in which the system is being applied. Speaking in very simplistic terms, you cannot have a highly industrialized society like this and a highly competitive free enterprise society without some kind of mechanism for fundamentally controlling the economy. It must be controlled at some level.

REASON: Are you saying that the Dick Nixons and the Gerald Fords and the energy czars in Washington are better disposed to make decisions as to allocation or production of resources than private entrepreneurs?

GUCCIONE: I don't think that Dick Nixon or Gerald Ford have the right, the intelligence, the know-how or the talent to control anything other than their own bowel movements and even that is somewhat in doubt. Certainly private entrepreneurs have more practical experience, more line experience, more front line experience. I cannot say that the way price controls have been implemented in this country are right, that they've been done properly. I can only say that some kind of price controls system—mechanism—is necessary. There is an order which extends beyond the human being—the individual being—throughout the universe, and I believe that in every instance the order must complement the needs of the individual and the needs of the individual must complement the order.

REASON: Well, I don't think that libertarians are against the concept of order. It's a question of whether or not the order, the structure of society is determined by voluntary decisions or whether it's determined by some coercive means.

GUCCIONE: Well, so far, the political system for determining the social order in this country is the best that the world has ever known: we have never known a better system. Obviously it's full of holes, it's not as good as it could be. Hopefully, in time it will improve—but in real terms, this is the best social and political system in the world.

REASON: Some commentators have suggested that taking positions on economic issues is an easy pastime

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November brings REASON's annual Book Review Issue. This year's issue includes a number of the most important books of the past year, including Robert Nozick's National Book Award-winning Anarchy, State, and Utopia (reviewed by Eric Mack), Nobel Prize winner F. A. Hayek's Law, Legislation and Liberty (Doug den Uyl), Murray Rothbard's Conceived in Liberty (Henry Adams), Thomas Szasz's Ceremonial Chemistry (Lynn Kinsky), Tibor Machan's The Pseudo-Science of B. F. Skinner (John O. Nelson), Yale Brozen's Advertising and Society (Israel Kirzner) and Brozen's The Competitive Economy (D. T. Armentano). Also in the issue will be reviews of George Smith's Atheism, James Buchanan's The Limits of Liberty, Wilfred Beckerman's Two Cheers for the Affluent Society, and several other recent books. Plus a special essay on Grand Master Nebula Award winner Robert A. Heinlein, David Brudnoy's Viewpoint, and all of REASON's regular columns and features.

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for people who normally would be reluctant to take strong positions in areas outside of their areas of expertise. When it comes to matters of profound economic significance such as controlling the economy, controlling inflation, the minimum wage laws and the like, every man has his own view of this, even though he's never studied it. Can you comment on that?

GUCCIONE: Well, I honestly don't know that every man takes a strong position on economic matters, in philosophical terms. I'm really not aware of it. I don't often get into it. I certainly have my own attitudes, my own views, and I'm very much concerned with economic matters and the economic system under which we live, because it affects me in terms of many millions of dollars. The volume of business that I do is about $100,000,000 a year and I am the sole owner of all of my companies. I am deeply concerned with the very small percentage points of difference in terms of taxes and controls and prices and wages and so on. So I have every reason to be vitally concerned —but I'm not sure how other people regard the nation's economy except in terms of how much taxes they pay.

"The three highest paid individuals in my organization—which comprises some 500 employees—are women, rather than men."

I have to say this: we Americans bitch about our taxes, and I agree that we *should* bitch about our taxes. But once again having lived in Europe one realizes that taxes that Europeans pay when compared to the taxes we pay, it's a joke. The British pay from two to three times the amount of taxes that Americans pay. We don't know how easy we have it in this country in proportion to the rest of the world. That's just an aside—I'm not condoning taxation. Believe me, it affects me more than it affects most people, but I'm saying that in real terms we really have it easy compared to the rest of the world.

REASON: But one can gain a perverse sense of satisfaction by looking at how much worse other people have it, when you're doing very badly yourself.

GUCCIONE: That's unfortunately the way of all flesh.

REASON: What about your attitude towards women. Do you have any general feelings about women?

GUCCIONE: I love the very concept of women. I was brought up to have great regard and great respect for women. I've never been a chauvinist in the sense that the women's libbers would like to classify me. I have very strong beliefs on all aspects of women's liberation and in many ways *Penthouse* is women's liberation in action, and always has been. We put more girls forward, and we have more women executives than any company that I've ever heard of of a comparable size. We have more corporate officers who are women, and the three highest paid individuals in my organization, which comprises some 500 employees, are women, rather than men. I find them to be great workers. Extremely dedicated, faithful. Extremely ambitious and resourceful when given opportunities. And it's like finding a gold mine. When I first discovered what women could do—that you give a woman an opportunity, all things being equal, and she's going to work twice as hard, three times as hard as the average guy—it was a great day for me, because I have in many instances, hired nothing but women. In the sales side for example, selling space for *Penthouse*—I have only women selling space. In recent months I've employed one or two guys. But originally the work force was entirely female, and whereas the average industry standard is one and a half calls per day per space salesperson, my space saleswomen on an average call on seven possible accounts a day.

REASON: So you do draw a distinction then, sexually, as against merely basing on individual talents. You single out women and prefer them in your organization as against men?

GUCCIONE: I believe that you pay for merit, sex aside. If a person does a good job you pay them well. If you don't someone else will. So it's a question not of sex but of meritorious or otherwise performance.

REASON: Bob, let me ask you if you could briefly summarize your views on the propriety of censorship? What do you see as the evils of censorship?

GUCCIONE: I think that the very foundation of our way of life and our system of government and our social order is based on a free press. The freedom to communicate ideas across this nation and throughout society is absolutely fundamental to the continued existence of a free democratic system, like the one which we enjoy at the moment, or we *did* enjoy up until the time of the Burger decision. I think in every area, whether we're talking about a society at large, about the government, or whether we're talking about individual relationships, human relationships, communication is the big thing. The ability to communicate ideas.

REASON: Well thank you very much, for communicating your ideas to us. ◻

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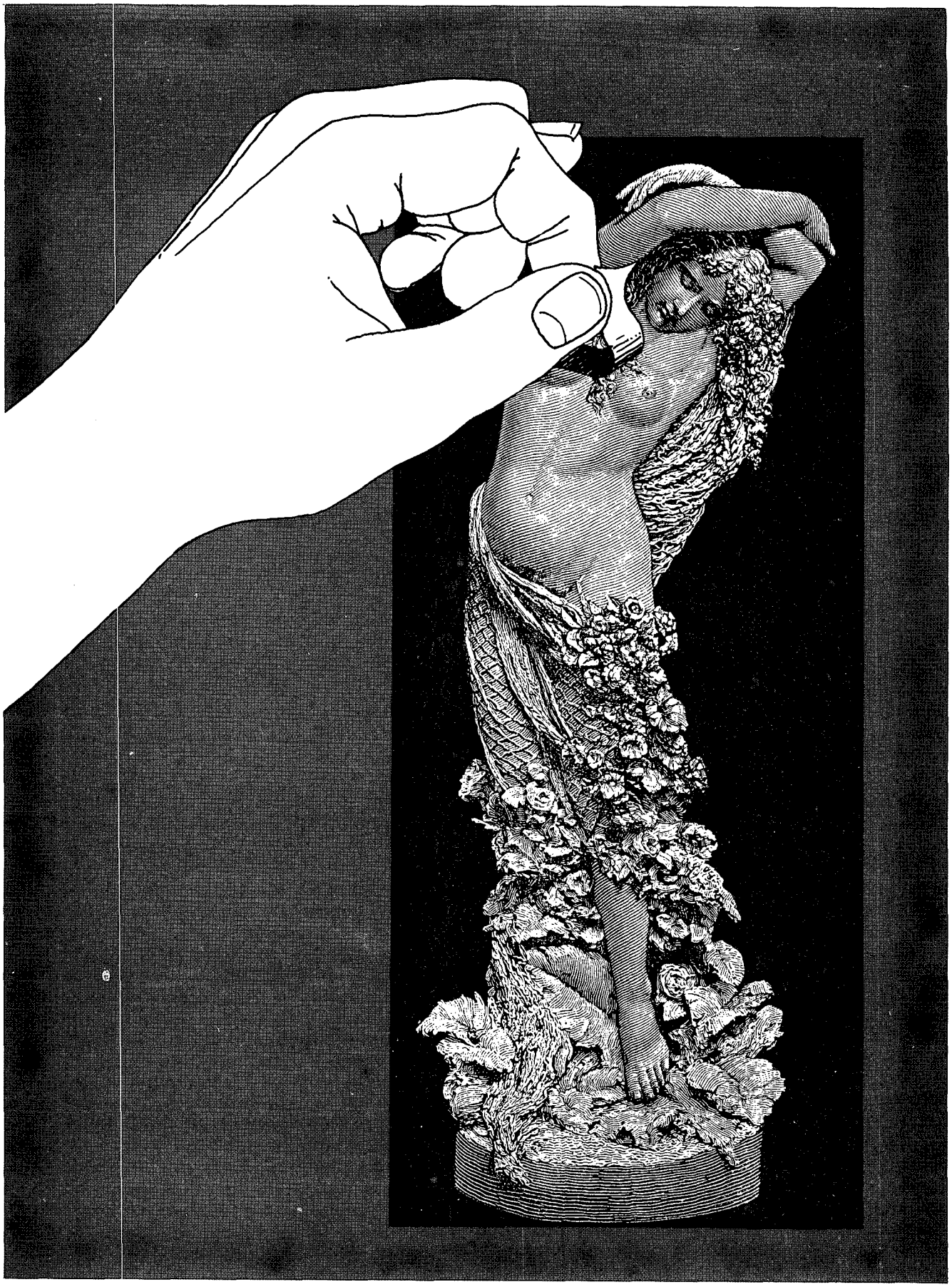


David Brudnoy

COMSTOCK'S NEMESIS: Theodore Schroeder

In his *Autobiography,* the ironic, wise Lincoln Steffens recalled the day his friend Theodore Schroeder halted him on the street to tell him "with the glee of a collector that he had 'come upon the most beautiful tyranny you ever heard of'." Schroeder went on with his story, but Steffens "hardly listened. I was enjoying his esthetic joy in his discovery of a wrong to set right." The anecdote is perfect. In an age of professional reformers, zealous crusaders, and passionate protagonists of the good and the true, Theodore Schroeder stood in the front rank of those, to use Steffens' phrase, who spent their lives and livelihoods fighting for liberty.

Born in Wisconsin in 1864, raised in a family cut off from grandparents owing to religious bigotry—his father was Lutheran German and his mother, Catholic German—and early an independent, questioning youth, Schroeder studied at the University of Wisconsin, took an engineering and a law degree, and set off in 1889 to Utah. There he practiced law, began to defend the Mormons of Salt Lake City against the Gentiles, but soon switched his allegiance and devoted his free time to fighting the Latter-day Saints with all the gusto and verve of the born crusader. His decade in the Mormon Zion was capped by successful efforts to keep a polygamous Congressman-elect, one Brigham Roberts, later a major Church historian, from taking his seat in Washington. The death in the last years of the 1890's of his wife and daughter, and his tenuous position in a town controlled by the Saints, caused Schroeder to leave Utah and move to New York in 1901.

"The great essayist, parodist, and journalist, H. L. Mencken, considered Schroeder the man who had 'done more for free expression in America than any other.' "

There, from that date until his death in 1953, Schroeder engaged in an exemplary campaign to defend the First Amendment of the United States Constitution. The great essayist, parodist, and journalist, H. L. Mencken, considered Schroeder the man who had "done more for free expression in America than any other"; Mr. Justice Frankfurter is alleged to have said that Schroeder became the foremost authority in the field of First Amendment study; a leading scholar of Constitutional law considers Schroeder unquestionably "America's most prolific advocate of a radically free speech and press"; and Dr. Murray N. Rothbard considers him one of the major pioneers of radical libertarianism.

Financial security, gained by his lucrative law practice and wise investments in Utah and the midwest, augmented in 1902 by an inheritance from his father's estate, provided Schroeder the wherewithal to support a life of reform crusading. Schroeder, whose early heroes were the freethinker Thomas Paine and the "Great Agnostic," Colonel Robert G. Ingersoll, at last found his true battleground in the slough of vice and illiberalism which New York City had become in the years following the Civil War. Widowed, childless, free of any personal attachments elsewhere, Theodore Schroeder arrived in New York ready to pour his energies into new labor, the first stages of which comprise the subject of this article.

Soon after arriving in New York City, Schroeder entered the bar, although he devoted little time to active practice of the law, prefering to work for his libertarian goals of a truly unfettered speech and press. He lived at first in Greenwich Village, made the acquaintance of "advanced" thinkers, and was soon known as something of a character in radical circles. Among his first new friends—and allies for years to come—were Hutchins Hapgood, patron of the arts and a founder of the Provincetown Playhouse on Cape Cod, where Eugene O'Neill and others first flexed their dramatic muscles; Lincoln Steffens, the muckraker and Progressive; Gilbert Roe, a champion of workman's compensation; Emma Goldman, the anarchist; Dalton Abbott, a socialist, then an editor

Dr. David Brudnoy is a contributing editor of REASON and writes a syndicated newspaper column, in addition to teaching history at Harvard's Institute of Politics. His doctoral dissertation (Brandeis University, 1971), "Liberty's Bugler, The Seven Ages of Theodore Schroeder," from the fourth chapter of which this article is derived, dealt largely with questions of pornography and the law.

of *Current Literature;* Bolton Hall, a single-taxer like his hero, Henry George; and Brand Whitlock, the Ohio reformer, later mayor of Toledo and Wilson's ambassador to Belgium.

Late in 1902, Schroeder and a few of these friends formed the Free Speech League, an organization concerned with clarifying the privileges and immunities of citizens in respect to their constitutional rights. The League was incorporated in 1911, with Leonard Abbott as president, Whitlock, Steffens, and Hall as vice-presidents, and Dr. E. B. Foote as treasurer. Schroeder was listed as secretary, but as is common in such organizations, the secretary was himself the mainstay of the League, in fact its only full-time activist. Roger Baldwin, long-time director of the American Civil Liberties Union, an organization founded on the demise of the Free Speech League, remarked that "Schroeder *was* the Free Speech League." Schroeder became the outstanding partisan in the United States on behalf of free speech to about 1920; until the War and the activities of the ACLU began a new chapter in the struggle for liberty of speech and press, the one-man show called the Free Speech League was the major libertarian organization operating in America.

"Schroeder became the outstanding partisan in the United States on behalf of free speech to about 1920."

COMSTOCK

When Schroeder came to New York, Anthony Comstock (1844-1915) reigned supreme as the nemesis of "vice." Comstock always liked a verse his sister Polly had taught him as a lad: "Build it well whate'er ye do./ Build it straight and strong and true./ Build it high and clean and broad./ Build it for the eye of God." Comstock took all that quite seriously, and in his twenties began to build things quite clean—preferably clean as a bare bookshelf. Under his inspiration, many vice societies were formed across the land, including his own, the New York Society for the Suppression of Vice, and in Boston, the zealous New England Watch and Ward Society. Whatever Comstock felt was objectionable on religious or moral grounds, writes a modern historian, "became illegal, at least for persons fined and sentenced to prison terms on the basis of [Comstock's] uncorroborated testimony."

Comstock waged a relentless war against the "hydra-headed monster of obscenity . . . the greatest curse to the youth of this country . . . a deadly poison, cast into the fountain of moral purity." Obscenity, he believed, was a cursed business, working beneath the surface "like a canker worm, secretly eat[ing] out the moral life and purity of our youth [who] droop and fade before their parents' eyes." Anyone who stood in his way, like Schroeder's hero Ingersoll, came in for his brutal attack. As he wrote in *Frauds Exposed,* impiety led to lust, and lust, after all, defiles the body, debauches the imagination, corrupts the mind, deadens the will, destroys the memory, sears the conscience, hardens the heart, and damns the soul. . . . It robs the soul of manly virtues, and imprints upon the mind of the youth, visions that throughout life curse the man or woman.

Liberty, Comstock wrote, may mean license, and "freedom of press and speech means that they may, without let or hindrance, blaspheme and deride the holiest things. . . ." Eternal vigilance, he never tired of saying, was the price of moral purity. His hope was that the law of 1873, which in common parlance bears his name, had swept the streets clean of vendors of indecent images and sellers of pamphlet obscenity. Shop windows in Comstock's New York were purged of evil, he boasted; one could walk them "without being outraged in mind by lewd pictures that formerly flaunted themselves to public gaze." The law, Comstock's law, was "good, and right, and proper." "Every household has a right under the law to defend and keep pure its circle. There is no interest dearer, or more important to any man, than the moral purity and spiritual welfare of his children. The Liberals demand that the legal barriers, that protect and keep our children pure, be broken down. By the Grace of the Everliving God, and in the name of this great American people, their demand shall not be allowed." Unfortunately for Schroeder, Comstock had the law on his side; since the Supreme Court decisions on obscenity in June 1973, the neo-Comstockians have it again on *their* side as well.

Anthony Comstock was well-armed with ammunition to fight his battle to purify America. The Framers did not pronounce upon obscenity when writing the Constitution, however, and to attempt to read into the fundamental law of the land a prescription for dealing with "lewd" utterances caused—and still causes—many difficulties, whether or not Schroeder and Comstock fully recognized it when they began their activities. History guides the way, not metaphysics, and history is unclear at many points.

INTENT

The major sticking point in this matter is the question of how libertarian the intent of the First Amendment framers had been. Until the late 1950's, the scholarly consensus, and that among jurists as well, was that America's Bill of Rights had encompassed a broad libertarian theory of freedom of expression. At the very least, all scholars were and are agreed that the First Amendment prohibited licensing systems, stamp taxes, prosecutions for "seditious libel," "previous restraints" on publishing. Many have

thought the Amendment meant much more. But a foremost Constitutional scholar, Leonard W. Levy, maintained that it was not intended to supersede the common law of seditious libel; that the theory of freedom of speech in political matters was quite narrow until the very end of the 18th century; that the First Amendment was more an expression of federalism than of libertarianism. Levy challenged the views of the late Harvard scholar, Zechariah Chafee, Jr., that there had been a great deal of freedom of speech and press in the early American period. The generation that adopted the Constitution and the Bill of Rights, according to Levy and John P. Roche, did *not* believe in a broad scope for freedom of expression, particularly in the realm of politics. Levy wrote that "libertarian theory from the time of Milton to the ratification of the First Amendment substantially accepted the right of the state to suppress seditious libel." This revisionism is well supported by the evidence, but it is a modern interpretation and was not the accepted belief in Schroeder's heyday.

In any case, freedom of speech did not necessarily mean freedom to utter "obscenities." In 1821, the American bellwether of morality, the Commonwealth of Massachusetts, provided the first prosecution in this nation for obscene literature. The issue was John Cleland's *Memoirs of a Woman of Pleasure,* better known to generations of schoolboys as *Fanny Hill.* The Massachusetts court ruled that obscene libel was a criminal offense. Thereafter, until the Civil War, few obscenity prosecutions occurred. In 1865, Congress barred "obscene" goods from the mails. Then Britain took the lead in a celebrated case in 1868, which provided the Lord Chief Justice, Sir Alexander Cockburn, an opportunity to lay down his standard: "The test of obscenity is whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort may fall." The United States accepted this test, the Hicklin test, in 1879, and it remained the generally applied rule until 1933, at which point it gradually began to be challenged. Finally, the Hicklin test was overthrown in 1957, although the Supreme Court that year, in *Roth* v. *United States,* ruled that the First Amendment did not protect obscenity, a position reiterated on many occasions since by the Court.

Meanwhile, Anthony Comstock's labors had been rewarded with the passage of the Federal law of 1873 which banned " obscene" items from the mail and provided stern enforcement provisions. Armed with that act and with the Hicklin test, crusaders against vice marched sternly along, successfully obstructing the dissemination of "lewd" pictures and writings. Freedom of speech, *de facto* and *de jure,* came to mean freedom of "clean" speech alone. The Hicklin test, which judged every passage of a book independently, made the whole suffer for the sin of the part: if any section of a book was "obscene," the book was forbidden *in toto.* By 1900, many branches of the American Federal and state governments were involved in suppressing "obscenity" and, for that matter, much other printed matter having to do with sex.

BAITING

In early November 1905, Schroeder wrote to his fellow New Yorker, Comstock, the embodiment of late Victorian neo-puritan bourgeois morality. Schroeder mentioned that he was about to begin a study of suppression of obscene literature, in order to clarify his own mind about the issue, asking the vice hunter for the titles of books and pamphlets which would be helpful for such an investigation. Comstock invited Schroeder to stop by and talk, but added: "I could not furnish you with a list of these books or pamphlets, nor could I place them before you for examination without, myself, violating the law."

But the irrepressible Schroeder continued to prod his pen-pal. Letters flew back and forth in late 1905 and early 1906, Schroeder's designed to bring out Comstock's views, Comstock's designed to prove his opinions by assertion and moralistic declarations. Comstock: "Evil thinking cuts grooves in the brain, if you please, which wear deeper and deeper until fixed habits of thought are formed. . . ."Schroeder: Would you look at a little manuscript I have been working on? Comstock did, and then: "I have been over [your manuscript] several times. The more I go over it, the more absurd and unreasonable it seems, for the reason that you eliminate childhood and youth, public morals, public peace and public welfare, and argue upon an entirely false basis." In the realm of "obscenity," when libertarians and traditionalists argue: *plus ca change, plus c'est la meme chose.*

"Eternal vigilance, Comstock never tired of saying, was the price of moral purity."

The two men never met face to face; once they were scheduled to debate, but Comstock failed to show up. Some 60 years ago, the libertarian and moralist positions in regard to the First Amendment guarantee of speech and press freedoms were best represented by these two men. The libertarian, like Schroeder, believed that the First Amendment prohibited *any* censorship of obscenity whatsoever, that obscenity was not harmful either. The moralist, like Comstock, was convinced that the First Amendment was not intended to prohibit censorship of obscenity —history bears him out on this—and that obscenity was an objective reality, an insidious vice, a definite

harm to too many people.

One difficulty in comprehending this matter is that "obscenity" and "pornography" are terms which have never been adequately defined, not that the lack of adequate definition has impeded the argument, nor will it in future. The law speaks in the many tongues of Babel, and such men as Schroeder and Comstock, and their heirs today, have nothing to say to each other on this subject. Efforts by Schroeder throughout 1906 and into early 1907 to bring about a meaningful exchange of views with Comstock, failed. They talked past each other, and at length Comstock stopped writing to Schroeder entirely.

BEHOLDER'S EYE

The manuscript to which Schroeder had referred in his letters to Comstock, appeared in print in July 1906. In what was to be his lifelong standard argument, Schroeder wrote that obscenity was not an objective thing, "not a sense-perceived quality of literature or art, but is only distinguishable by the likeness of particular emotions associated with an infinite variety of mental images." In short, obscenity exists only in the minds and emotions of those who believe in it. More—not less—information should be made available to people in order to combat venereal disease and mental illness, he wrote. Fewer—not more—prosecutions for obscenity should be tolerated by a "decent" society. "Tests" of obscenity do not work, and "where the law is uncertain, there is no law *(ubi jus incertum, ibi jus nullum)."* Any argument which could justify the suppression of "obscene" literature could just as easily be used to justify "every other limitation that has ever been put upon mental freedom. . . . The right of expression of opinion is inseparable from the right to hear and weigh arguments." Freedom, Schroeder never tired of warning, would not take care of itself. The masses are indifferent to the constitutionally-guaranteed liberties of others, and their sordid self-interest and bigotries allow them complacently to watch one limitation added to another, "until all freedoms will be destroyed by judicial amendments to our charters of liberty." Man is not amenable to being made useful or good by laws and edicts, and certainly not to being made "pure." So far so good; it was a needed corrective to the common wisdom of the day.

"Schroeder believed that prudery is always the manifestation of excessive sensuality."

But Theodore Schroeder was not the man to go but half-way. He based his contention that obscenity should not be legislated against on the unprovable premise that it *had not been* an offense at common law. His historical references were voluminous, reaching deeply into 17th century English law. Much of his case hung by that cord, which insisted that that part of the English common law which entered into American law with the Revolution did *not* make of obscenity a criminal offense.

It hung by that cord, and there, in fact, it strangled, because the misdemeanor of "obscene libel" had in fact entered English common law in 1663 and has never since been seriously challenged. "Libel" in this case had no connection with its popular meaning. Rather, it derived from *libellus,* a diminutive of *liber,* literally meaning "a little book." Decisions following the 1663 case confirmed that ruling. Schroeder, however good his intentions, was in error as to the facts. He insisted that something was not legal when, by definition, it was. Contrary to his assertions, Congress had specifically empowered the post office to ban "obscene" items from the mail, and since the Supreme Court had not ruled those laws unconstitutional, they were indeed not unconstitutional—given the fact that the Supreme Court decides what the Constitution means, and until a reversal, a Court ruling stands supreme. Furthermore, Schroeder had himself fought to see that Congress's ban on one kind of sexual conduct, polygamy, be enforced. One exception breaks any absolute; here we have two—polygamy and "obscene" items in the mails.

Moreover, Schroeder entered fearlessly into territory where no amount of evidence has yet become available to give final proof: that of the mystery of sex. Schroeder believed that prudery is always the manifestation of excessive sensuality. From that he determined that modesty leads on to prudery, which gives rise to acute erotophobia, which inevitably and always leads to the attempt to suppress sex; that is, to censorship. It was a stirring, even a daring thought.

Had Schroeder confined himself to formulating a moralistic case concerning obscenity, he could at least have met Comstock on his own ground. Or, by concentrating on the laws' ambiguity, he would have occasioned doubts as to the wisdom of those pronouncing upon obscenity. Even by dwelling on specific instances of truly ludicrous persecutions and prosecutions, he might have weakened his opponents' stance by exposing it to effective ridicule. And he made a good case for the illiberality of many "liberals" and "radicals" on this subject. He declared: "I stand for a free press, and therein differ from all 'sane radicals' who do not . . . but who 'draw the line decidedly' at some distance on this side of freedom." Like witchcraft, he said, obscenity, exists only in the mind of the believer.

When, momentarily, Schroeder got off the subject of obscenity and concentrated simply on the matter of police oppression against free speech, he trod on firm ground. For a man as un-anarchistic as Schroeder

to publish in Emma Goldman's *Mother Earth* took some courage, but to defend her and other unpopular radicals against comstockian prudery was a natural outgrowth of his libertarian philosophy, consistent with his principles, relying in no way on any misreading of legal history.

But his assault on Comstock and comstockery invariably went too far. When he did not fall into the error of incorrectly evaluating the history of obscenity at common law, he was as likely as not to take to indulging in *ad personam* attacks on Comstock's personal decency. All this was unnecessary and counter-productive. By the end of 1907, the major outlines of Schroeder's approach had been drawn. An article in the *Albany Law Journal* set out his arguments: laws against obscenity were unconstitutional because they were not within any expressed or implied power of Congress to enact; such laws were void because they violated the First Amendment; the laws also violated the "due process" clause and the injunction against uncertain laws; and the obscenity laws violated the Constitutional guarantees against *ex-post facto* laws. Thus he tried to nullify the anti-obscenity laws by asserting that they exceeded the bounds of properly drawn legislation and violated Constitutional protections. He knew that the courts thought otherwise, but the mere existence of judicial decisions contrary to his beliefs never caused him to doubt that he knew best.

OBJECTIVE LAW

Although by 1908 the Free Speech League had issued a number of pamphlets by people other than its secretary, the bulk of FSL publications were by Schroeder. He corresponded actively with a variety of reformers and Progressives and radicals, earning the gratitude of Emma Goldman, Upton Sinclair, and others. In 1908 he married—or began to live as common-law husband with—one Eleanor Sankey-Jones, a feminist disciple of Lucy Stone, the 19th century Massachusetts woman's liberationist. From then on, until her death in 1950, Nancy, as he called her, stood as his staunchest defender and constant help-mate in fighting the good fight for a libertarian interpretation of the First Amendment. They moved to a farm in Cos Cob, Connecticut, whence Schroeder commuted to his office in the city.

As the years passed, Schroeder refined his views and sometimes shifted his emphasis. But in the main, his arguments were fully limned by the time he took up residence with Nancy. By 1908, he had come to dwell on what he called a "scientific" use of the law, believing that there was something in fact which could be called the law. A wealth of pamphlets issued from his FSL office attempting to prove the existence of *law* as that which did not violate the canon: *ubi jus incertum, ibi jus nullum,* despite the fact that much American legislation is plagued by uncertainty and not yet declared invalid by the courts. Examples which should have occurred to him, but did not, include the very phrase "due process of law," which is as uncertain a concept as "obscenity." Both phrases are recognized as valid, even vital ones for courts to consider when adjudicating. Rhetorically at least, Schroeder's "ought" was identical to his "is"; that technique may work in debate, and it may be "morally" right, but it falls flat as history and as law.

His concern was humane, to show that the law is often oppressive. He believed fully and courageously that freedom of speech meant not just the right to agree with the majority, but the right to say with impunity anything and everything which one chooses to say, and to speak it with impunity so long as no actual material injury results to any one and when it results then to punish for the contribution to that material injury and not for the mere speech as such. He wanted to show how mere caprice, whim, idiosyncrasy, or malice may lead a judge or jury to decide that something was "obscene." Naturally, an absolutely certain law would help eradicate such iniquity. But the development of an absolutely certain, all-encompassing body of laws was and probably still is a pipe-dream.

And yet, he was not wrong in feeling that though everyone professed belief in freedom of expression, few did so in the concrete, "and almost everybody can be relied upon to endorse some abridgment of freedom of the press whenever others wish to use that freedom to express anything radically different from their own thoughts. . . ." Comstock, after all, was still supreme.

"Murray Rothbard considers Schroeder one of the major pioneers of radical libertarianism."

RESERVED

Although Schroeder formed the FSL and belonged to various other groups, he was never the sort who fit easily or happily into formal alliances. Nor was he, strictly speaking, a "Progressive," that major strand of social reformism of the time. To the degree that the "muckrakers" were exposing societal faults and were the educational forerunners of Progressivism, Theodore Schroeder was a muckraker, anxious to effect legislative changes for society's betterment. But being a muckraker reflected more his temperament than his participation in any well-developed movements. As Schroeder's ally, Steffens, revealed clearly in his *Autobiography,* the muckraker of yesterday could easily become the thoroughgoing critic of Progessivism tomorrow. Like Steffens, Schroeder was

both an effective revolutionary in thought and skeptical of much reform and many reformers.

Mabel Dodge, who maintained what Steffens called "the only successful salon I have ever seen in America," rarely numbered Schroeder among her guests—he declined the invitations—although she considered him a man to her liking, one who was "willing to die for his views had it been necessary." While Hapgood, Margaret Sanger, Steffens, Emma Goldman and her lover Berkman, Big Bill Haywood, Edwin Arlington Robinson, Walter Lippmann, Max Eastman, John Reed, and many other "advanced" thinkers congregated in Mabel's livingroom, Schroeder remained in his house with Nancy, churning out his pamphlets and later, his dozen books. The heyday of the Village as center of the New York intellectual circle coincided with Schroeder's retreat into a gradual isolation from active involvement in coordinated efforts and his turn to the pen as his major mode of working for change. Mabel Dodge's elegant house, bedecked with antiques and all the trappings of capitalistic splendor, may well have been the perfect setting for the radical-chic of the 'teens, but it was not a place where Schroeder felt comfortable.

"Mere caprice, whim, idiosyncrasy, or malice may lead a judge or jury to decide that something is 'obscene.' "

Schroeder and Nancy admired people like Victoria Clafflin Woodhull, "Mrs. Satan," an advocate of woman's rights, propagandist for and practitioner of free love, and a victim of Anthony Comstock at the beginning of his long, brutal career. And the Schroeders also admired that genuine eccentric, George Francis Train (1829-1904), who, among his other notable activities, had distributed a pamphlet containing quotations from the Bible, for which the humorless Comstock had him arrested on the charge of circulating obscenity. Mrs. Satan and the mythic Train, and others like them, caught Schroeder's attention. He shared their quality of individuality but lacked their flamboyance. He was, perhaps, an individualist anarchist, more individualist than anarchist, such that even though he always believed the Constitution of the United States was a workable document for the governance and welfare of The People, he often despaired of ever finding his government worthy of respect, much less of devotion. He wanted a better America, one in which people could be as weird as Victoria Woodhull and George Francis Train, but even more, one in which the average citizen would be protected from neo-puritanical harassment and encouraged to develop himself to his fullest potential.

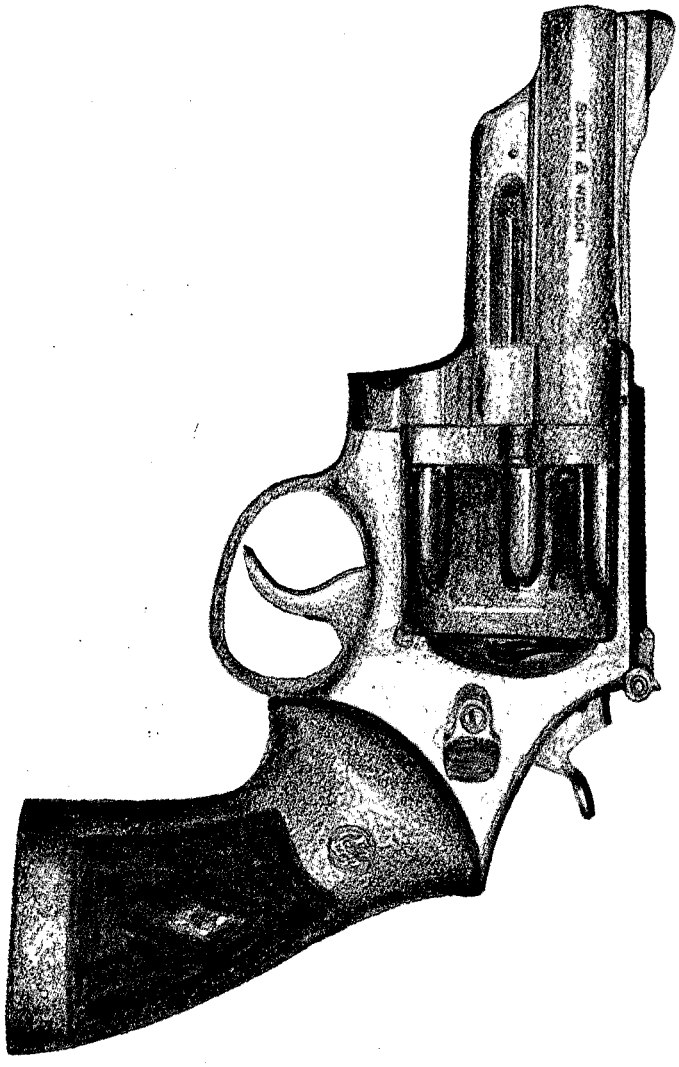
LONELY TOILER

At the end of Schroeder's first decade away from the midwest and Utah, the characteristic American "religion" of the articulate and up-to-date middle class was the optimism of the Social Gospel and the firm belief in Progress. Yet few of the illuminati of the Progressive era believed that modern society required a drastic overhaul; most were to some degree conservative, taking their ultimate goals and values for granted. But not Schroeder. His one working relationship with avatars of the social gospel movement—that in 1900 with Josiah Strong and his League for Social Service, as partners in the effort to keep Brigham Roberts out of Congress—left a bad taste in his mouth. Schroeder was neither conservative nor reactionary, nor was he a Progressive custodian of culture, nor did he think the values of the middle-class automatically desirable or their goals necessarily bully.

He was an amoralist like Mencken, though not nearly so clever; he was a relativist and "scientist" like Thorstein Veblen; he may have been attracted to the scientific management movement of Frederick W. Taylor and his devotees, but he never remarked Taylor in his articles and letters. He knew and worked on occasion with socialists but was not then one of them, nor ever officially of their ranks. He admired Emma Goldman's bravery and compassion and approved a few of her causes, but later recognized her shallowness as a thinker and disdained the emotionalism of her appeal.

By the end of the first decade of this century, Schroeder was, in his philosophy, somewhere between Robert Ingersoll and the new radicalism of socialism. Although Progressivism was to some degree influenced by the new radicalism, it was more deeply indebted to 19th century populism and was primarily a political movement; whereas the new radicalism, with which Schroeder can at least tenuously be associated, was interested less in politics *per se* than in questions of education and sex. Schroeder was not a scholar, but he was an educator; he was not a sexual libertine, but, *faute de mieux,* a libertarian. He believed that society needed a major overhaul, not a socialist revolution or anarchist chaos, but a revamping none the less. He disdained the Progressives' moralism and "uplift," planting a healthy a-moralism, an impartial relativism, and later, as he developed his ideas more thoroughly, a fully democratized, psychologically mature society of free men and women. As Theodore Schroeder's first decade away from the Mormon Zion came to a close, he is best seen as a lonely toiler, not as an examplar of any movement or as a partner with any significant group in effecting socially fashionable changes. He was a radical libertarian in his day and a pioneer of much libertarian thought in the decades thereafter. ◻

WHY WE NEED GUNS



Morgan Norval

THE TRUTH IS THAT ALL MEN HAVING POWER OUGHT TO BE MISTRUSTED.
. . . JAMES MADISON

Would you rather have a gun and not need it, or—if the state has its say—be forced into a situation where a weapon is desperately needed, but you aren't allowed to have one? This choice by the individual may soon become as extinct as the dodo bird if the state continues on its merry way of grabbing up the rights and freedoms of the individual. However, your right to own a gun, or anything else, should not be argued on the basis of some sort of special pleading to the state.

For example, sportsmen argue that they have some sort of right to have a gun with which to harvest a deer, during a state licensed season and usually on state owned or overseen land. If no deer ever was shot again in the long history of this planet it is still conceivable that mankind could struggle on, survive and even be free. In short, shooting animals is a tenuous base upon which to argue against legislation that would restrict the ownership of guns.

Target shooters make the same sort of bizarre arguments, as though it is part of the Bill of Rights that the state support accurate marksmanship (perhaps by building and maintaining rifle ranges from public funds) but that it is unthinkable that the state should go the next step and insist on the right to regulate the guns used in the target shooting. Why not? Once you have accepted the right of the state to intervene in the first place, why shouldn't it intervene in the second, third, and fourth places?

The list of special pleadings in regard to guns goes on and on.

It includes, finally, those who insist that they have a right to defend their homes against *them.* Just who *them* might be varies from community to community: criminals rank fairly high. So do racial minorities and hippies.

The ever alert state, however, is ready and eager for *that* defense. Inasmuch as the citizens already have accepted as a form of Holy Writ the notion that the state should have a virtual monopoly on the protection business, it is not surprising that the state answers any sort of home protectionist argument in regard to firearms with the simple and logical response that you don't have to guard your home, that the police will do it for you—in fact, *should* do it for you.

(If you then protest that the police simply can't do

Morgan Norval is national director of the Firearms Lobby of America.

the job, the state can just as reasonably respond that its armed branch, the police, certainly *could* do the job if you, the taxpayer, would just ante up some more tax money and/or cede a little more of your legal position to the state so that the police could do their job with greater efficiency and less interference from those pesky civil libertarians.)

There is no special pleading that does not provoke from the state a special and powerful response, and in the argument between the state and the individual, sad experience has taught us that the individual is the underdog.

And that is precisely the point.

DON'T TREAD ON ME

The reason for owning a gun is not to be found in special pleading or in generalized notions of defense. You have a right to own a gun most basically because the state has no right to take it, *or anything else,* away from you. (Nor do your neighbors except when you have initiated the use of force against someone—in which case action taken against you is simply self-defense by someone else.)

Of all the defensive uses of firearms, of course, the one which is least discussed, but which should be most obvious in view of the rise of state power here and around the world, is the use of a gun to defend individuals and their natural communities and homes against the violence of the state itself.

Idealists recoil from this idea. Conservatives have never understood it and liberals faint when faced with it. Hopefully, Watergate has stripped away the innocence of Americans to the idea that the state would stoop to such depths as to lie to and deprive her citizens of their rights and freedoms!!

People who think that since Nixon and his gang of thugs have been swept away, those who follow will think twice before using the state for corrupt or illegal purposes are just deluding themselves!

After all, the machinery of the state that made Watergate possible is still with us. The FBI and CIA still spy and keep secret files on U.S. citizens. The IRS still harasses citizens. Since the Bank Secrecy Act of 1973 requires your bank to microfilm all of your checks and hold these records for six years, the state can get intimate details of your life from a study of your checking account. The state has already given you an I.D. number (your Social Security Number) and—as the Watergate incident has shown—doesn't hesitate to place you under both physical and electronic surveillance. Welcome to 1984!!

Meanwhile, the state pooh-pooh's its citizens' fears that forms of gun control carried out by the state, such as licensing and registration, will lead ultimately to confiscation of these same firearms. Yet it is worth examining a recent development in our nation's capital, Washington, D.C.

In 1968 the D.C. City Council enacted one of the nation's most stringent gun control laws. Among other things it required District of Columbia residents to obtain a license permitting them to own firearms and also required the resident to register all firearms in the citizen's possession. Police clearance, fingerprinting and "mug" shots were required to get the license.

During hearings held prior to its enactment officials of the D.C. government gave assurance that it would not at some future point confiscate these legally registered firearms from their licensed owners.

However—in February of this year a bill was introduced which would confiscate all legally registered pistols and shotguns of the D.C. citizens. As a temporary sop to hunters it would still permit, for the time being, rifles to be owned by D.C. citizens. However, these "lucky" people who are permitted to keep their rifles disassembled must submit a report "to the Chief of Police in writing each time the weapon is fired, by or to the knowledge of, the licensee, no later than the fifth day of the month in which such rifle is fired." This is like a law legalizing pot smoking, but requiring the individual to report to the state every time he smokes a joint!

If Watergate hasn't convinced the citizens that the state's words or action are sometimes not to be trusted then perhaps the District of Columbia's recent action will.

The game is still the same, only the names of the players have changed.

POWER AND GUNS

The root power of the state as it has existed throughout history has ever rested on divine commands or respected traditions, and propaganda invariably plays a role in permitting one ruling class or another to acquire power over the other—but in the ultimate it is raw force which sustains that power.

Against the power of the state, the individual must have counter power. If the counter is merely rhetorical or legislative, it is meaningless, as experience after experience has shown. The state can either buy support (as in America) or simply demand it, as in the Soviet Union. In both cases, the individual has no rights unless those rights are also backed by some sort of power that meaningfully can confront the power of the state.

If you think that this is nonsense look at some of the proposed "gun control" legislation currently being considered by various legislative bodies, both locally and nationally. In every case of restrictive gun legislation being considered, from mere registration to outright confiscation, exception to the proposed law is granted to law enforcement officers, the military and other selected agents of the state. The state thus exludes *itself* from all restrictions! In short, an individual can be "drafted" or forced by the state to carry a firearm to do the state's bidding, but cannot own one to protect himself, his family or his property.

The matter of firearms, in a nation of growing state power and growing state violence, in a world of

growing state repression, is not a matter of special pleading or of mere convenience or legalistic syllogisms. *It is a matter of individual survival!*

Individuals who have no real power in the face of the awesome police powers of the state, must inevitably face the day when they become little other than slaves of the state. That day, most likely, would be heralded by the claim that the total power is necessary to suppress revolutionaries in our midst. (The British, of course, made the same point about Samuel Adams, Tom Jefferson and their friends.) Such a day can never arrive if the people maintain, as individuals, as members of communities and families the means to deter the final, fateful development of police powers by the state.

Deterrence for the people begins with their own sense of self and of community as opposed to the artificialities and formalities of the state.

But the deterrence for the people must, finally, include the physical means for physical survival. For some, Gandhian resistance will seem enough. Perhaps it is or will be. For others, the possession of the means of escape or actual resistance may seem essential. In neither case should people today sit by idly while the state takes any action which would diminish the ability to carry resistance into effect.

The right to defend one's self is an inalienable right in common-law of the English speaking nations, and particularly in the United States. But, how can this right exist if the state takes from the individual the means to protect himself? To attempt to justify this basic individual right by looking to some form of written "constitutional" guarantee or some other written "holy" commandment from the state is to miss the very point itself. *For what the state gives it can just as easily take away.* The right of self-defense does not rest on any solemn words inscribed on parchment or tablets of clay. It rests on the individual's natural right to life and liberty. And, having the means to defend oneself is the individual's ultimate guarantee of preserving his or her individual freedom.

Collectivist supporters of the state and others who feather their nests from dealings with the state loathe and fear individual freedom, because they view it as a threat to their very existence and power. Thus, they seize every opportunity to suppress it, usually with the cooperation of the state.

This is no time to disarm the individual. The people are already faced with vast state repression. To disarm them now may well be to destroy them as individuals possessing liberty and self-determination.

"Order" may be the excuse; "law" may be the argument; "keeping someone else in his place" may be the emotional rationale; "supporting the police" may be the civic slogan; "ending violence" may be the dream—but the nightmare of reality is total tyranny of the state.

The issue is the fundamental liberty of the individual; not whether firearms serve some other useful purpose. ◻

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Learning Economics from Walt Disney World

David Levy

Libertarians who are no doubt accustomed to meeting their ideas in caricature have probably been told that in a libertarian world—one with private streets, private mass transit, private utilities of all descriptions, private ownership of redwood trees and alligators—everything would have an explicit price to it. To walk on the streets, to visit the parks, individuals would be required to make an explicit contract. That this is in fact a distortion can be seen because the real world has been kind enough to provide Walt Disney World, a contractual city which bears no resemblance to the caricature.

MIRABILE DICTU

It is, I presume by now well known that Walt Disney World is full of marvels. The city has, for example, a smoothly functioning mass transit system, no pollution to speak of, a garbage disposal system which defies belief (garbage is not picked up by trucks—it is disposed of by a network of pneumatic tubes leading to an off-site processing plant), an area for alligators and ecological researchers to admire each other, and fire sprinklers in the buildings. I hope it is not necessary to mention that all this is *unusual.*

What is not that well known (outside of the economics profession) is why all this has come to pass. The best that a noneconomist has been able to do is to assert that this is Walt Disney's great work of art. Which is, of course, to say it is inexplicable. But even at that, the explanation is a puzzle since Disney productions of all sorts have never had a reputation of sacrificing financial interest to the whims of art critics.

The point of what follows is to work through the incentives provided by the free market which presumably led to the creation of Walt Disney World in its present form. I have no knowledge of the actual decision making—what follows, if you will, is a model which attempts to simplify reality so it can be understood.

Nothing Disney Corporation has undertaken and accomplished should be conceptually surprising. Given the incentives provided by an absence of political constraints, the result seems to be rather automatic. This is *not* to denigrate in any way the great technical virtuousity which was involved—it is breathtaking. My point is simply that excellence in all things is subject to the usual laws of economic theory: the higher the rewards, the more will be forthcoming.

David Levy is a Ph.D. candidate at the University of Chicago and an Instructor in Economics at Bates College, Lewiston, Maine.

The important difference between Walt Disney World and other cities is to be found in the ownership of the land. In the case of Walt Disney World, one profit-making entity owns *everything;* whereas in normal cities the ownership of the land is highly decentralized.

OUT OF SIGHT

Consider one of the standard problems facing a city—that of garbage disposal. There are, of course, many ways to remove it; one method which seems common in normal cities is to stuff it in cans, put the cans in the street and then wait until the garbage trucks remove it. There is a problem with this; that is, the sight and smell of garbage is something which most people would I think pay to be able to avoid. In a normal city it does not seem possible for people to buy their way out of viewing garbage. There are a large number of people disposing of their garbage this way; there are a large number of people being bothered by this method of disposal. (It is dangerous to ignore the fact that in matters of this sort, the same persons are bothering and being bothered.) Each person being bothered would have to offer the others a bribe to find an alternative method of disposal.

"In typical cities buildings often do not have sprinklers, since the owner of the land counts on the city fire department to fight fires for him —the legal system allows him to slough off the responsibility onto his neighbors."

Now consider the same problem in Walt Disney World. If Disney Corporation owns all the city land, it is obviously going to have to find some method to dispose of the garbage. If it adopts the standard solution it bears the burden of people's displeasure at the garbage in the form of a reduction in revenue: people will pay less to shop and visit if they have to trip over garbage. Plus, if people will pay less to shop, the rent which Disney Corporation can charge will be reduced. Thus if Walt Disney World adopted a method of garbage disposal which did not bother people, they could charge more rent.

The solution which Disney found—using pneumatic tubes—is probably more expensive in terms of direct cash outlays than trucks and cans. The powerful restructuring of incentives which comes from a local monopolization of the land is precisely that decisions are not made solely on the basis of direct cash outlays. There are costs to people to have to walk through, over and around garbage cans. If these costs

are reduced by a pneumatic tube method of disposal, then Disney can charge more rent. If the increase in rent is sufficient to pay for the more pleasant method of garbage disposal, then it is obviously to the interest of Disney Corporation as a profit-making entity to adopt a cleaner method. (If the political process could work as well as some people think it does, then obviously normal cities would have Disney type garbage disposal systems. If you think so, look around.)

RESPONSIBILITY

In the jargon of my profession, Disney Corporation has by a local monopolization of the land, effected an internalization of external economies. In English, what has happened is that this system of private property has given one decision making entity undiluted responsibility for the affairs of a city. If something goes *right,* Disney Corporation will benefit. If something goes *wrong,* Disney Corporation will take it in the wallet.

This assignment of responsibility is spread through minute details. For example, in the calculation of the costs and benefits of fighting fires, it no doubt was realized that if a few dozen people were burned to death every year, Walt Disney World would become less pleasant to visit in proportion to the value which people attach to unfavorable changes in their life expectancy. Thus, in Walt Disney World the buildings have sprinklers.

"If I let Weird Sam expose himself at the bus station what will this do to the city rent?"

In typical cities buildings often do not have sprinklers, since the owner of the land counts on the city fire department to fight fires for him—the legal system allows him to slough off the responsibility onto his neighbors. Disney Corporation has no one on whom to slough off the responsibility: *it* has to fight the fires! It is simply a matter of cost/benefit calculation with respect to which is the more efficient method of doing the job. What makes Disney unique is that its structure is such that *all* the hidden costs—here the value of change in life expectancy to visitors—are present when the cost/benefit calculations are made.

THEORY

Amusingly enough, the intellectual guide for all this was written by Prof. Paul Samuelson, who has never been noted for his enchantment with laissez-faire. Professor Samuelson constructed the first mathematical model of what an efficient city would look like, but he did not, apparently, believe that such an efficient city could be produced by either market or political forces. (This work is most conveniently located in the section on the pure theory of public expenditure in his *Collected Scientific Papers.* Professor Samuelson functions as a latter-day David Hume to believing libertarians.)

The idea that a contractual city would have an explicit price attached to previously state-provided or "public$_1$" services—streets, parks, museums, whatnot —suggests that insufficient attention has been paid to the work on the theory of "public$_2$" goods. We must be careful with words. It is disingenuous to confuse an argument with a pun. "Public$_1$" and "public$_2$" have much the same relation as the "state$_1$" of New York and the "state$_2$" of insanity.

What has been argued by Prof. Samuelson is that the normal market process will not provide such things as public$_2$ goods nearly as efficiently as it will provide bread and autos.

The purest examples of public$_2$ goods are ideas and images: the theorems of Euclid and the poetry of Shakespeare. They are goods which, once produced, can be used by anyone without cost and without less being left for anyone else. A public$_2$ good is one which over a range can be used without cost, in the sense that no extra resources are expended. Impure examples of public$_2$ goods are city streets since after a point a street becomes crowded and an extra person using the street imposes costs on those others using it. The cost here would be in the form of time lost due to congestion.

An important aspect of Samuelson's argument is right if we constrain ourselves to the *existing* legal system, as Ronald Coase so ably pointed out in his 1960 *Journal of Law & Economics* article "The problem of social cost." Restating his point: if there were an incentive for (say) private toll roads to emerge in the normal legal structure, then surely somewhere in the country they would have emerged. If the market can provide heroin and gasoline—in spite of the penalties exacted—then certainly toll roads would have emerged.

Where there is a free hand to effect efficient legal systems the production of private roads should be no more surprising than any other commodity. With each legal system, one can associate a set of costs to effect the transactions to provide public$_2$ goods. It seems clear that a Disney World legal system has lower costs of transactions than that of a normal city. It is also clear that it is a nontrivial problem to get there from where we are now.

SO NOW WHAT?

The problem is that it would not do very much good, if any, to sell the governmental part of the cities. Some problems cannot be solved efficiently, as David Friedman suggests in *The Machinery of Freedom,* by

selling the state in small pieces. In such problems as have been discussed above, the whole thing, both private and state sectors, must be combined into one decision making entity.

Another possible solution is to trade the owners of land shares in a corporation which will own the city for their land. Unfortunately, there will be incentives for individuals to hold out for more than the present market value of their land.

The most likely course of action is to let normal cities continue to destroy themselves and to let WDW-type ventures profit. Already people are noticing that some city governments—New York, for example—are bribing their way out of labor disputes by promising higher pensions instead of higher current wages, which presumably will be paid for by higher taxes in the future. If the taxes in a city rise too much relative to neighboring communities, and if the tax rise is foreseen, it will be very much to the interest of people to move, sometime between now and then. This movement will in turn reduce the tax base, necessitating either higher tax rates or reduced services. Either of these will cause *more* people to leave. It is not at all clear that the situation possesses a stable equilibrium.

NOT LIBERTARIAN

Interestingly enough, the resulting contractual city might not be libertarian, if by the latter we mean that everything is permitted which does not physically coerce others. This is a difficult point. One *might* think that if the restriction of economic activity were a matter solely between the owner of the city and the individual, the outcome would be libertarian because there are no third party interferences. However, if the owner of the city is profit maximizing then it would seem that what influences his decision is really nothing other than third party considerations. If I let Weird Sam expose himself at the bus station what will this do to the city rent? If this activity makes third parties on net willing to pay less then it may well be banned by the owner—even if the owner could not care less one way or the other. What will be allowed and what will be banned will, if the argument above is correct, depends upon how much third parties are willing to pay to live with and without any particular activity.

For example, one cannot drive a car in Walt Disney World nor can one sell pornographic literature. Obviously, these are not physically coercive acts. They are, however, acts which under certain conditions impose costs on other people. Some people are bothered by pornographic literature; that is to say, they would pay to avoid it. In Walt Disney World they have this chance. No doubt, it was long ago determined that a Walt Disney World without pornography would be a more profitable Walt Disney World than one with. (However, Walt Disney World represents a special case with respect to pornography because it is, in addition to being an exercise in economic theory, an amusement park catering to children and their parents. An "adult" version of Walt Disney World might have strikingly different rules.)

It is important, I think, that we not confuse what will occur under a legal system with few transactions costs with what we hope will occur. I, myself, would hope that pornography, prostitution, gambling, etc. would be allowed since I do not believe that these forms of economic activity impose harm on third parties. Nonetheless, they do seem to impose costs on third parties. And if the costs are large enough, an efficient contractual city might well ban them or at least tax them heavily. (If the costs depend on the visibility, these activities might be simultaneously explicitly banned and implicitly tolerated.) It is not possible to define an efficient set of rules or laws for a city without reference to the people who live in and visit the city. The handy rule—everything not physically coercive should be allowed—ignores the fact that cost and harm are states of mind. To detect a state of mind without asking or observing action is rather difficult. *Anything is harmful if you would pay to get rid of it.*

"It is not possible to define an efficient set of rules or laws for a city without reference to the people who live in and visit the city."

Of course if the United States were composed of cities run on a Walt Disney World basis, there would no doubt be terribly puritanical communities with respect to sexually explicit literature, cruelty to animals, seat belt usage—all the standard "moral" problems—but there would also be incentives for other communities to cater to individuals' "immorality." (That is, if enough individuals wished to purchase sexually explicit literature which was not allowed for sale in their own city, some nearby city would probably find it to be in its interest to sell it.)

A contractual state of affairs, then, need not be attractive only to libertarians. Religious or moral authoritarians might well pay for the privilege of living in a "clean" city, just as you or I might pay for the privilege of living without religious or moral authoritarians telling us what to do. The country is big enough for everyone to be able to work out the conditions under which they wish to live, if and perhaps only if, a contractual process can be effected.

If the argument is correct, this should be something which will pay nicely. I find comfort in comparing the price paths of New York City bonds and Disney Corporation stock. ◻

foreign correspondent

THE WORKERS PARTY

Sydney, Australia. Australia now has a libertarian political party—the Workers Party—and it has already advanced the libertarian cuase in this country enormously. Unlike the USA, we had to start this party without the benefit of having an established libertarian movement. Our party has to create the movement.

I won't go into the details of why we called it the Workers Party. I think I must have heard just about every argument there is for and against it over the past few months—so I'll let you argue about its suitability if you so desire. / like it—and besides, it's too late to change now.

The principal people involved in the Party at this point are: John Singleton (he is managing director of a large and very successful advertising agency here in Sydney); Dr. Duncan Yuille (formerly the Secretary of the Australian GP's Society, now full-time Secretary of the WP); Dr. John Whiting (also formerly an executive of the GP's Society, now a practising GP); Mark Tier (a free market economist); and myself. I also now work full-time for the Party.

Over the years a number of free enterprise, antisocialist groups have come into being in this country. The most explicitly libertarian one of these was the Alliance for Individual Rights here in Sydney. It was this group who wrote the initial party platform—principal people involved: Mark Tier, Patrick Brookes (an architect), Ramon Barros (a solicitor) and myself.

John Singleton was the catalyst and driving force behind the formation of the Party. He gave us three weeks to write the platform. We were unprepared, because we had not thought at all about the possibility of setting up a party; however, after some frantic phone calls, Ed Crane of the US Libertarian Party kindly supplied us with, among other things, copies of the LP platform. Using that as a guide we then wrote our own platform—and had it done *on time.* It then took a further three or four months to clean it up and get it printed.

The platform follows the same basic form as that of the LP. It's divided into four sections: (1) Individual Rights and Civil Order; (2) Economic Affairs; (3) General Affairs; and (4) Foreign Affairs. It is written more from a limited government point of view, and if we had known of the latest amendments to the LP platform, which now accomrnodates both limited statists and anarchists, we would have attempted to follow suit. However, the platform is still easily recognizable as libertarian. Lest we be beseiged by requests for copies of our platform, let me say that we cannot afford to send them out free of charge. If you want one please send a couple of dollars to The Workers Party, P.O. Box 685, Darlinghurst, NSW, 2010 Australia.

One thing we did do was to put at the front a "Fundamental Principle." It is: "No man or group of men has the right to initiate the use of force, fraud or coercion against any other man or group of men." (Mistake one: "man" should have read "person.") We then tried to relate all sectors of the platform to the principle—in short, we tried to make it the common thread running through the platform. To further emphasise the point, we reprinted the principle on the bottom of every page.

ORGANISATION

The Party was finally launched on January 25th, 1975 and we made sure it was done with proper ceremony—in the Sydney Opera House.

We now have active groups of people in every capital city in Australia—Brisbane, Sydney, Melbourne, Hobart, Perth and even in Canberra—and groups in various other smaller towns. Total membership of the Party, counting fully-paid and partly paid, is around 600. And that is with an annual membership fee of $50!

Through the Party we have discovered many Ayn Rand fans throughout the country ("I thought I was the only one" comes up regularly) and many latent libertarians. In short, we have introduced libertarian ideas to Australia in a much bigger way than I, for one, would have dared to hope for a year ago.

The big question, of course, is: What have we learned? And I hardly know where to start. We have certainly learned a lot about people—about the differences between "doers" and "takers," between "fighters" and "arm-chair critics," between "optimists" and "pessimists." We have learned a lot about personalities, egos and their effect on an organisation.

But the biggest single thing to emerge from our experience is the importance of policies. It is one thing to know where you want to go. It's another to know how best to get there. We can talk about philosophy all day to a businessman, and he'll say "Well that's fine! Those are lovely academic ideas. But how will they help me survive *tomorrow?"* Now I am acutely aware of the importance of always keeping in mind our long term goals, and of ensuring that our policies are consistent with those goals and our principles. But I am also aware that as a *political* fact we have to offer these people something *specific.* Ideally, they should be able to look at our economic policies and say "That's feasible. It could be done now, and it would work. It would give my business *immediate* relief."

That doesn't mean offering them handouts. Businesses in Australia are extremely hard pressed at the moment. Bankruptcy stares many in the face. It is a bit unreal to expect these people to be impressed with talk about an ideal libertarian state. Even if they agree with it, it's beside the point. They are interested in their immediate survival, not something that might occur in 20 years time.

TACTICS

The question that I put to people is this: "If you were in government tomorrow, what are the first 10 things that you would do?" When it's put that way it becomes specific. And the answer can't be as general as "I'll cut taxation" or even "I'd cut taxation by 20 percent." *Which* taxes?

It has to be specific—"I'd eliminate sales tax," "I'd cut income tax by 10 percent across the board."

And more: the 10 steps have to be in order of priority (e.g. fixing the economy is more important than worrying about legislation regulating the manufacture of toilet seats) and in the order of implementation (e.g. before we cut tariffs, perhaps we should ensure that economic restrictions on industries affected are relaxed or removed—remove the restrictions before we kick out the crutches).

To be taken seriously as a political party we have to get down to this sort of detail. As I've mentioned, I am aware of the dangers inherent in this. Care has to be taken to ensure that we don't become so involved in the detail that we forget about what we stand for.

I also think a lot more work needs to be done by libertarians in this general field of tactics. What are the key issues to attack? Preferably, what are the key issues that will have far-reaching good consequences from our point of view and which

have the potential of great public appeal? Or even—which will have far reaching consequences that no one else will realise?

In this area we in Australia are handicapped by an acute shortage of libertarian academics and people with years of economic and/or political experience. Therefore, I am hopeful that more work will be done in these areas in the USA.

Once these policies are developed, they form the main political thrust of the Party. They become the initial "in" to new people. It is then important that we have the material and resources to follow up on this—to consolidate. Once their initial interest is excited, it needs to be held and developed to turn them into fully committed libertarians.

As a general process, as I probably should have mentioned before, I believe in the gradualist approach—over all. I mean, if we were in government tomorrow, I don't think it would be possible to just immediately cease all government activity. It has to be gradually reduced—as quickly as possible but as slowly as necessary. The Australian Labor Party made the mistake of moving too quickly, and they'll pay dearly for it—luckily for us.

Certainly, we have to be strong enough to wield the knife—the Liberal Party over here, for example, would like to get back to a more "free enterprise" society (not completely free enterprise) but are not game to wield the knife *at all* for fear of losing votes. I certainly don't advocate that we degenerate to that! I understand that after the massive inflations in Germany, the German governments took some very drastic measures to fix their problems—and they worked. That's what we should do. But we should take care not to commit suicide by hastily cutting back on government in such a way that it throws the country into chaos and thus destroys us in the eyes of the majority of people.

I might be wrong, but I think that whether we like it or not, we have to take into account the amount of animosity our actions would generate, and judge our rate of progress accordingly.

I think the Workers Party has a great chance in this country. We only have a small population to convince (13 million), we have a rich country, and we are currently suffering from the very severe effects of a socialist government.

The next election will not be a good one for us. In their desire to get rid of Whitlam, the people will vote Liberal. But after a year or so of the Liberals, the situation will be no better—so where will the people turn then?

That will be our moment, and I only hope we can be fully prepared so as to exploit it. If there are any of you who read this who are fed up with the USA, this is the place to come to. I think Australia offers libertarianism its best chance of success in the near future. In the meantime we would be delighted to see anyone who has a holiday out here, or who can offer us any help in any way.

It is a constant source of encouragement to us to see how well the LP is progressing. We are very grateful for the help they have given us and wish them every success in the future. But I bet we get there first! ◻

ROBERT A. HOWARD

THANK YOU, HERR DOCTOR

Thank you, Doctor Kissinger,
For bringing us detente.
We didn't know it before you came,
But it's just the thing we want.
And now if you're quite finished,
Delivering the crap you load,
You'll find your bags on Pennsy Ave.
Where you can start hitting the road.

Dennis J. Chase

viewpoint

THE REIGN OF DICTATORSHIPS

Dictatorships are much in the news these days. Let us examine three of the newest —or *seemingly* newest—and most prominent of the dictatorships: one left-wing, one right-wing, and one left-centrist, and see what lessons may be gleaned from them.

The most recent, and most dramatic, dictatorship is, of course, Mrs. Gandhi's brutal takeover in India, imposing a severe press censorship and jailing thousands of her leading political opponents. The one bit of malicious satisfaction we may take in this event is that the *New York Times* and other Establishment media will not be able to bleat *quite* so enthusiastically in future about India as the "largest democracy in the world." For, of all foreign regimes, India's has been perhaps the most beloved in the American Establishment press. As a result of this alleged lovability, a huge amount of American aid has been poured into India in the last three decades, with the consequence of strengthening the hold of India's horrendous statism upon the country.

For make no mistake: India has long been one of the world's most rotten and corrupt polities; a veritable thicket of statism; a mass of controls, subsidies, taxes, and monopolies; a giant boodle for Mrs. Gandhi and the ruling elite. And all this on top of a frozen caste system that still dominates the rural villages where the bulk of India's population lives. As for "democracy," India, since its inception, has lived under the one-party rule of the Congress party, with other, opposition parties relegated to the shadows. Contrary to appearances, the Gandhi coup was *not* a sudden and inexplicable murder of a strong and vibrant democracy; it was merely the last link of an inexorable chain of grisly events.

MURRAY N. ROTHBARD

A second powerful dictatorship in the news is the military dictatorship over

Portugal. This particular military rule is "left-wing," with the army closely allied to the Communist Party of Portugal, headed by the ultra-hard-line Alvaro Cunhal, who, within the spectrum of Communist thought, makes Stalin seem to be a Tolstoyan pacifist. After the false spring of the bloodless Spinola "revolution of the roses," Portugal is rapidly slipping into an all-out military-Communist dictatorship. Recent reports indicate that there still may be time for mass pressure to save Portugal from a pure despotism, but that time is fast running out.

But the crucial question about the Portuguese phenomenon has not really been asked. Portugal had been ruled by a fascist Salazarean dictatorship for half a century. So "right-wing" and hardline did it appear to be that the John Birch Society's annual Scoreboard regularly gave Portugal a close to zero "Communist" rating. How could such a Communist-free country have tumbled so rapidly into a Communist-type regime? And, need we repeat, after a vast amount of foreign aid pumped in by the United States? The full answer is complex, and involves Portugal's disastrous colonial war in Africa, and there is no space for treating it here. Suffice it to point out that the fascist Salazar dictatorship, far from proving some sort of right-wing bulwark against the left, was just the opposite: for the institutions created by fascist dictatorship—the rule of big government, the interpenetration of government and industry, the suppressing of dissent, etc.—created all the necessary conditions for the current left-wing takeover. Partly because of Portugal's backward, feudal polity, partly because Salazar had snuffed out any possibility of the growth of classical liberal opinion or political activity.

STATISM

It matters very little, then, *who* runs collectivism or Big Government; the important point is the existence of massive statist institutions, which can be readily adapted to *whichever* group takes power, and hence to the controlling and repressing of the subject population. Salazarean militarist fascism paved the way, in a literal sense, for militarist-Communism just as the "centrist" collectivism of the Weimar Republic had paved the way for Hitler's National Socialism, and as the Nazi regimes in occupied Europe paved the way for the near-takeover by the Communist-led resistance forces in Europe after World War II. In all these cases, the massive collectivist institutions of statism are shuffled from one ruling group to another.

Finally, there is the right-wing military dictatorship in Chile. In the Chilean coup of the fall of 1973, dislodging the Marxist Allende regime, there were some genuine, popular, revolutionary elements: notably the massive protest of the self-employed truckers against inflation and statism. But the coup was led, and power was seized, by a fascistic military despotism aided, it now turns out, by the omnipresent CIA. And this military despotism has continued in force all the baggage of statism, nationalization, and runaway inflation that marked the Allende regime; the inflation rate, for example, continues to barrel along merrily at an annual rate of nearly 400 percent. On top of the previous statism, the right-wing military clique has merely added the massive use of systematic torture against dissenters and political prisoners. Military officers are in charge of all high schools and universities, the teaching of all "conflictive subjects" is prohibited, and a compulsory nightly curfew is still in effect. Once again, all this has been accomplished to the tune of massive foreign aid by the United States, and in an atmosphere of shuffling ruling elites and groups in the absence of any tradition or activity by classical liberals, let alone libertarians.

For Americans and for libertarians, the lessons provided by these burgeoning dictatorships should be clear. They are, at base, the same lessons as those provided by the debacle of American foreign policy in Southeast Asia. First, that every country, and every people should be allowed to work out their own destiny without interference and meddling by the government of the United States. Not only is this the moral stand to take, but in the last analysis, they *will* work out their destiny regardless of what we do. Secondly, foreign aid by the U.S. not only mulcts the long-suffering American taxpayer; it will only serve to fasten the chains of any existing dictatorship upon the necks of its subjects. Third, dictatorships and collectivisms, of whatever form, are not bulwarks against one another; they strengthen and reinforce each other by establishing and maintaining statist institutions. And, finally, there is no hope for liberty in any country without the growth and development of indigenous classical liberal or libertarian attitudes and activist movements within that country itself. The only thing that America can do for the liberty of other countries is to reform itself, and to return to the traditional American foreign policy of abstaining from foreign meddling, and instead to serve as an exemplar and a beacon-light of freedom for the rest of humanity. ◻

Murray Rothbard is professor of economics at the Polytechnic Institute of New York. Dr. Rothbard's viewpoint appears in this column every third month, alternating with the viewpoints of Tibor Machan and David Brudnoy.

BEHOLDEN TO NONE

The Decline and Fall of Gobble Government

An anti-political novel by Jean Dewees

Can a nation, half free and half slave, long endure? Abraham Lincoln thought not. Can a world? Are citizens getting tired of being kidded by the government? And of kidding themselves? Does conformity destroy initiative? How much independence should young people have? These and a score of related questions facing today's society are carefully probed and answered in this dramatic novel of the nation torn between two violently opposing forces. This is a courageous novel predicting the inexorable wretchedness of our children's future—unless . . .

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trends

ENERGY CRISIS: FIXING THE BLAME

In the winter of 1973-74, the Arab countries embargoed oil shipments to the United States. Most people still consider the Arabs to blame for the subsequent shortages of heating oil, gas station lines, and other manifestations of that winter's "energy crisis." But now two separate studies have been issued demonstrating that it was the Federal Energy Office, not the Arabs, that caused the shortages and gas station lines. Concludes MIT's Paul MacAvoy, director of one of the studies, "We give the FEO credit for having created the 'energy crisis' perceived by consumers."

How did the FEO manage this feat? By a series of bad policy decisions, impelled by typical bureaucratic caution and by political pressures hostile to free market solutions. Take the case of the long lines at the gas stations. The fundamental cause was the FEO's mandatory allocation of crude oil away from gasoline production in favor of home heating oil production, thereby purposely leading to reduced supplies of gasoline. But in addition, as Prof. Richard Mancke points out in a study for the American Enterprise Institute (AEI), the FEO's gasoline pricing policies caused the lines to be especially long at the end of each month. This was because the FEO allowed refiners and dealers to raise prices only at the start of each month. "With the costs of gasoline production soaring, this rule gave refiners a strong incentive to withhold gasoline at the end of a month for sale at the beginning of a new month, when they could charge a new higher price." Adds MacAvoy, the FEO "probably produced the lines at gasoline stations all by itself."

And that's only the beginning of the FEO's contributions. According to MIT's econometric gas and oil model, FEO price controls on old oil, by reducing the extent of secondary recovery from existing oil fields, reduced U.S. domestic oil production by 1/3 of a million barrels per day in 1973, and 1/4 of a million barrels a day in 1974—a significant contribution to the oil shortage. Moreover, FEO's program to force "crude-rich" refiners to share their oil with "crude-poor" ones strongly reduced the incentives of both groups of refiners to seek means of getting around the Arab embargo; the crude-rich companies had to sell a large portion of their expensive imports below cost to their competitors, while the crude-poor companies could sit back and wait for their competitors to deliver. And this is precisely what occurred, according to the MIT study. In November and December of 1973, before the FEO allocation program began, importers were still managing to bring in 87 percent of the normal volume of imports by working around the embargo. By February and March 1974, when the program was in full swing, imports fell to 73 percent of previous volume. If the FEO had left the companies free to fend for themselves, "Those with established channels of distribution and the ability to evade embargoes would have worked their way around the reductions and obtained more of the supplies for the United States," state the MIT researchers.

What should have been done? Both the MIT and AEI studies conclude that allowing the prices of crude oil and refined products to rise freely, both to discourage consumption and to facilitate allocation of scarce supplies to their most important uses, would have been far better than the FEO's program of controls. The incentives of higher prices and profits, by stimulating more domestic oil production, more imports, and more gasoline in the product mix, "would have eliminated lines at gasoline stations, [and] any other manifestation of an embargo imposed on the American consumer," concludes the MIT study. In short, the free market, if allowed to work, could have handled the situation far better than the misguided efforts of yet another Federal bureaucracy.

SOURCES:

- "Performance of the Federal Energy Office," Richard B. Mancke, American Enterprise Institute for Public Policy Research, Feb. 1975 ($1.50).
- "The Federal Energy Office as Regulator of the Energy Crisis," Paul W. MacAvoy, Bruce E. Stangle, and Jonathan B. Tepper, *Technology Review,* May 1975, p. 39.

ATTACKING THE REGULATORS

In the past few months the chorus of voices attacking government regulatory agencies and policies has grown considerably. President Ford appears to be making "regulatory reform" a key campaign issue and is getting strong response from businesses and private citizens, whenever he speaks out on the subject. Increasing publicity is being given to the staggering costs which regulation, especially at the Federal level, imposes on the economy.

In his *Government-Mandated Price Increases,* fast becoming a classic study, Prof. Murray Weidenbaum documents the spiraling growth of Federal regulation, noting that no less than 29 major new pieces of regulatory legislation were enacted in the period from 1962-1973 (e.g. OSHA, the Consumer Product Safety Act, Age Discrimination in Employment Act, Clean Air Act, National Environmental Policy Act, Noise Pollution and Control Act, etc.). As of mid-1974, there were 5,146 different types of approved public use Federal forms (excluding all tax and banking forms) and it is estimated that business spends over 130 million work-hours each year in filling them out. The army of Federal regulatory employees now totals nearly 64,000 people, and direct Federal expenditures on regulatory agencies exceed $2 billion a year. But that is only the tip of the iceberg, as far as costs are concerned. *U.S. News & World Report* reports that the Office of Management and Budget (OMB) estimates the total annual cost to consumers of government regulations, as follows:

- Economic regulation (transportation, labor, energy, agriculture, banking, etc.): $45 to 60 billion
- Environmental regulation: $50 to 60 billion
- Health, safety, and product regulation: $10 billion or more

Thus, the total impact is on the order of *$130 billion,* which amounts to $2000 for every American family.

Despite Ford's recent "summit" meeting with the heads of the major regulatory agencies, the odds for abolishing any of them outright are poor. What is more likely is a loosening or repealing of specific regulations and policies, especially those whose costs can be shown to be far greater than their benefits. *Business Week* recently focused on the cost-benefit approach in citing Prof. Sam Peltzman's continued studies showing that (1) the 1962 amendments to the Food and Drug Act have cost far more in delaying the introduction of beneficial new drugs than they have saved in shielding consumers from harmful drugs, and (2) Federal auto safety standards have not reduced the overall highway death rate, but have apparently made drivers over-confident, leading to greater risk-taking and more accidents involving pedestrians.

Weidenbaum also recommends that only regulations whose benefits clearly exceed their costs be retained. Last November President Ford ordered OMB to require Federal agencies to submit economic impact statements on major regulatory actions that could increase costs and prices, but the agencies have dragged their feet. Several major pieces of currently-pending legislation contain provisions requiring such economic impact statements.

Meantime, beleaguered industries are fighting back with their own economic impact studies. The Outdoor Power Equipment Institute, representing 70 lawnmower producers, recently hired

Stanford Research Institute to evaluate the impact of proposed mandatory safety standards for lawnmowers, being developed for the government by Consumers Union. SRI estimated that the standards would put 25 lawnmower companies out of business, cost $520 million per year in higher prices, and raise the price of a typical $100 power mower as much as $86. Although the standards would reduce injuries from new mowers about 50 percent, the higher costs would encourage more people to repair and hang onto old, less-safe lawnmowers longer. New mower sales would drop 35-55 percent the first year, and 25-40 percent in subsequent years.

As the scope and magnitude of government regulation continues to increase, the market for such economic impact studies should expand sharply. More solid data of this type may at last begin to turn the tide, and begin a reduction in the regulatory octopus that threatens to strangle American business.

SOURCES:

- *Government-Mandated Price Increases,* Murray L. Weidenbaum, American Enterprise Institute for Public Policy Research, Feb. 1975 ($3.00).
- "The 'Regulators'—They Cost You $130 Billion a Year," *U.S. News & World Report,* Jun. 30, 1975, p. 24.
- "Are Government Programs Worth the Price?" *Business Week,* Jun. 30, 1975, p. 114.
- "Forcing Regulators to Weigh Costs," *Business Week,* Apr. 7, 1975, p. 34.
- "Proposed Lawnmower Rule May Boost Prices by $86," AP (Washington), May 11, 1975.

CAPITALIST GARBAGE

New York City's fiscal woes are forcing people in that city to look once again at the "radical" idea of allowing private companies to pick up the garbage. Articles in recent issues of both the *New York Times* and *Daily News* have resurrected a 1971 study by then-deputy city administrator Emmanuel Savas which showed that while it cost the city's Sanitation Department $49 per ton to collect garbage, private firms could do the job for only $17.50 per ton. Savas' study led to proposals for an actual test of outside firms versus the Sanitation Department, but the plan was quashed at the insistence of powerful Uniformed Sanitationmen's Association president John DeLury.

But Savas hasn't given up on the idea of capitalism in the garbage business. Now a professor of public systems management at Columbia University, he is conducting a 16-month study of solid waste collection, funded by the National Science Foundation. In the process, Savas has come up with some interesting facts. While it costs the Sanitation Department $297 per year to provide twice-weekly garbage collection to single-family homes in Queens, three miles away in a similar neighborhood in Nassau County, a private firm provides three-times-a-week collections for only $72 per year. In San Francisco, where two private firms pick up *all* the garbage, the cost averages only $40 per year. (That city's public works director has stated that if the city entered the field, "The rates would go through the roof," because municipal employees have no incentive to work efficiently.) In Houston it is common for homeowners to join with neighbors and award a contract to a private carting firm; those that do, receive a reduction in their city taxes. In Montreal, the city is divided into 198 districts: the city collects garbage in 18 but in the other 180, private contractors do the job, some covering as little as one district.

As a result of his survey of 1300 cities, Savas is more convinced than ever of the need to move away from municipal monopolies in such areas as garbage collection. In the last five years, he points out, there have been far more strikes by municipal sanitationmen than by private carters. As for the charge that the Mafia attempts to control private garbage firms, Savas has this reply: "If an organization headed by Carlo Gambino in fact picks up garbage at one third the price of an organization headed by John DeLury, then it may be in the public interest to buy from Carlo Gambino, if there are no other strings attached."

Whether the power politics of New York City will permit the introduction of capitalist garbage collection remains to be seen. But for other cities, less thoroughly in the grip of unions, private enterprise garbage collection offers hope for meaningful cost—and therefore, tax—savings.

SOURCES:

- "Public vs. Private Collection of Refuse: In Some Cities, It's No Longer a Debate," *New York Times,* Jul. 10, 1975.
- "The Garbage: Is There a Better Way?" *New York Sunday News,* Jul. 13, 1975.
- "Let's Find Out," editorial, *New York Daily News,* Jul. 14, 1975.

CAB AGAINST THE WALL

In July this column reported that the Civil Aeronautics Board (CAB) was in a fight for its political life. Recent events have underlined this assessment. Over the summer months the CAB has:

- Appointed a special advisory committee to streamline its regulatory rules, with University of Chicago Law School professor Edmund Kitch as executive director;
- Proposed an experimental test of deregulation on two or more long-haul routes and four to five short-haul routes (Public comments are being accepted through Sept. 15.);
- Disapproved the continuation of a pact between American, TWA, and United to limit capacity on transcontinental routes, because of its "innate anticompetitive nature" (after having endorsed the existence of the pact since its inception in 1971). The Board noted that a competitive air transport system is "inherently more efficient and responsive to the needs of the public."

Much of this activity appeared to be related to the long-awaited release of the report on the CAB by Sen. Ted Kennedy's Subcommittee on Administrative Practices. This report, the "greatest in-depth analysis of airline affairs since regulation of the industry began in 1938" [*Business Week*], is devastating in its criticisms of the CAB, on solidly free market grounds. The report plainly identifies the Board's cartel-like relationship to the airlines, and asserts that increased competition would be likely to result in up to 30-40 percent lower fares. It explicitly calls for more competition via pricing flexibility and open entry into the airline business.

But much of the thunder of the Kennedy report was stolen by the release of a report which said much the same thing—*from an arm of the CAB itself.* A special CAB staff group on regulatory reform released their report at the end of July, calling for a *complete phase-out,* over the next three to five years, of both rate regulation and protective entry and exit control. This goes well beyond the concept advanced by both the Administration and the Kennedy report of allowing price flexibility only within a "zone of reasonableness." The staff report recommended only the setting of a rate ceiling, with no restrictions whatever on price cutting. According to the staff group, the airline industry has "the classic properties of a structurally competitive industry"; all that's needed to take advantage of this potential for competition is for the CAB to get out of the way. "The regulatory environment itself tends to prevent the achievement of maximum efficiency and adaptability to competitive challenge," the group's report stated. Without regulation, "the average price of air service as well as its average cost would be lower, because of greater efficiency and the availability of a larger supply of more economical but lower-quality air service than is at present offered."

With the CAB's own staff group taking such a hard-line position, it may be time for CAB critics to raise their sights and demand nothing less than the agency's outright abolition.

SOURCES:

- "Regulatory Reform Drive Pushed," *Aviation Week,* Jun. 30, 1975, p. 27.
- "The Opening Shot to Reform the CAB," *Business Week,* Jul. 7, 1975, p. 54.
- "CAB Asks Deregulation Test Comment,"

Aviation Week, Jul. 14, 1975, p. 25.
• "Kennedy Report Rips CAB Practices," *Los Angeles Herald-Examiner*, Jul. 21, 1975.
• "Rate-Setting End, Free Entry Favored in CAB Staff Report," *Aviation Week*, Jul. 28, 1975, p. 28.

MILESTONES

• *Health.* The Food and Drug Administration has lost another round in its battle to prevent people from taking care of themselves. A Federal judge has ruled that the FDA cannot restrict the sale of the Ova II do-it-at-home pregnancy test kit. The judge ruled that Ova II's manufacturer has the right to market the kit without the long and costly process of filing a New Drug Application with the FDA for approval. Reason? The kit is not a drug and is therefore outside the FDA's jurisdiction, ruled the judge. The agency had previously seized several thousand kits to prevent their sale. (Source: "Pregnancy Test Kit OK'd," UPI (Washington), Jul. 18, 1975)

• *Education.* What is the greatest threat to Harvard University over the next generation? Student riots? Money shortages? Declining enrollments? Wrong. According to a recent speech by Harvard president Derek Bok, the greatest threat is "government intervention." Despite the irony of Harvard's interventionist chickens at last coming home to roost, it is perhaps a significant sign of the times that even the president of Harvard is having second thoughts about the role and power of the Federal behemoth. (Source: "Less Government?" *The Christian Science Monitor*, editorial, Jul. 11, 1975)

• *Postal Service.* Frequent strikes by Australian postal workers have led to a rapid expansion of the private courier business in that country, increasing from only 200 trucks to 2000 in the past 10 years. Frustrated mail users pay $2 and up for guaranteed next-day letter delivery between such points as Sydney and Melbourne (440 miles) and within each city. The courier business, which earned $22 million last year, is growing by 15 percent a year. Meanwhile, the government postal service lost $72.4 million in the last fiscal year. (Source: "Australian Couriers Cut Into Post Office Business," AP (Sydney), May 16, 1975)

• *Employment.* The Federal government may no longer arbitrarily deny jobs to homosexuals, the Civil Service Commission has ruled. The Commission stated that only if a person's sexual orientation interferes with his or her work may the person be dismissed or denied employment. A "rational connection" must be shown between a person's homosexuality and job performance in such cases. The ruling brings Federal government employment policies in line with a series of recent court decisions. (Source: "Homosexuals' U.S. Job Rights Upheld," AP (Washington), Jul. 4, 1975)

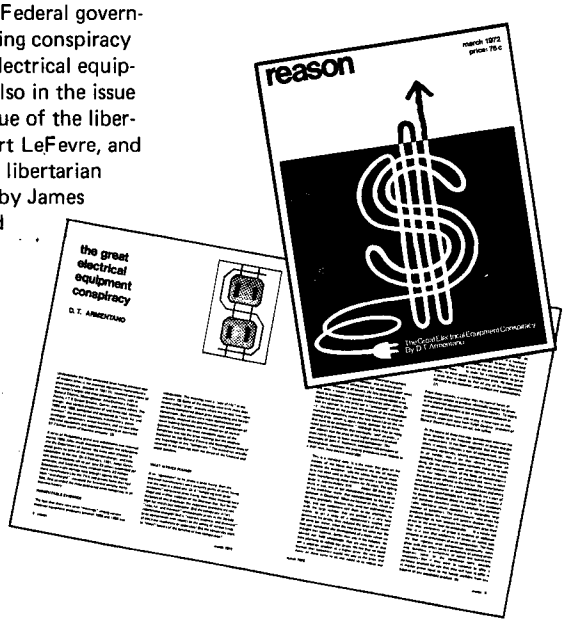
• *Censorship.* A Jacksonville, FL ordinance that forbade drive-in theatres from showing any films containing nudity has been ruled unconsitutional by the U.S. Supreme Court. The ordinance restricted a form of expression solely because of its content, held Justice Powell's majority opinion, and therefore violated the First Amendment. The city's intent to protect citizens from unwilling exposure to offensive materials was not sufficient grounds to discriminate against all films that contain nudity, since people can easily avoid such exposure. And by singling out nudity, the ordinance could not be justified on traffic safety grounds, since many other distractions in films could also lead to accidents. (Source: "Supreme Court Voids Ban Against Nudity on Drive-In Screens," *U.S. Law Week*, Jun. 24, 1975)

This column reports trends in the advancement of individual liberty and the rediscovery of economic freedom. Readers are invited to submit material of potential interest.

Have You Seen...

MARCH 1972 **$1.75**

This issue features a major article by Prof. D. T. Armentano, author of *The Myths of Antitrust*, exposing the Federal government's famous price-fixing conspiracy case against the major electrical equipment manufacturers. Also in the issue is Tibor Machan's critique of the libertarian pacifism of Robert LeFevre, and a special supplement on libertarian anarchism with articles by James Kuffel, Ron Heiner, and Charles Barr.



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book review

THE LONG DEBATE ON POVERTY—EIGHT ESSAYS ON INDUSTRIALIZATION AND THE CONDITION OF ENGLAND, by Professor Hartwell, Professor Coates and others. Second Impression with a new introduction by Professor Norman Gash on *The State of the Debate.* Published December 1974 by the Institute of Economic Affairs, 2, Lord North Street, London, S.W.1., United Kingdom, 280 pp. £2.50 ($6.00).

Reviewed by ADRIAN DAY

> *It may well be, in the twentieth century, that the peasant of Dorsetshire may think himself miserably paid with twenty shillings a week; that the carpenter in Greenwich may receive ten shillings a day; that labouring men may be as little used to dine without meat as they now are to eat rye bread; that numerous comforts and luxuries which are now unknown, or confined to a few, may be within the reach of every diligent and thrifty person. And yet it may then be the mode to assert that the increase of wealth and the progress of science have benefited the few at the expense of the many . . .*

Thus Thomas Babbington Macaulay in his *History of England,* published in 1848. Such acute prediction of the evaluation of the effects of capitalism and industrialization is remarkable. It was not always so. In Macaulay's own day, and after, before the full effects of the phenomenon had become apparent, historians and economists held that poverty and social distress had been alleviated by the process of industrialization at the beginning of the 19th century, whatever the unfortunate social side-effects may have been. Where conditions had worsened since the mid-18th century, it was thought, such was due to the dislocation caused by the ending of the long Napoleonic Wars.

This view did not remain unchallenged for long. The almost opposite view, that the poverty of the working-class during the 19th century had been *caused* by the Industrial Revolution and capitalism, was propagated by Marxist historians and others, with inspiration from the works of Arnold Toynbee. It remains the popular view, aided no doubt by the "Condition of England" novels of Eliot, Trollope, Kingsley, Dickens and others. And this is not only the "popular" view. Dr. E. P. Thompson, formerly of Warwick University, England, continues this tradition in his *Making of the English Working Class,* (1963), the most recent long study of the subject.

But more recently economists are challenging the now orthodox view in academic journals, although the results of their scientific researches have not yet penetrated to the general public, or indeed to the school and university textbooks.

The Long Debate on Poverty attempts this task. It is a lively discussion of many of the issues involved in industrialization, with some fine essays on particular aspects of the general problem. (Dr. Rhodes Boyson, now a Conservative Member of Parliament, on the life of the Lancashire factory worker and Thomas Jefferson on the influence of fiction are interesting examples.) But mainly it is a work of correction. As an introduction to the long debate there is much to recommend it; it is well-edited, with a fine balance between the general problem and particular illustrations. There are two essays on the relief of poverty, but one important aspect of the problem, the social unrest which followed industrialization, is not mentioned, and this is a piece missing from the general picture. We can learn much about contemporary thoughts on the causes of poverty by a study of such unrest.

There is much however that is good about this book, and not only in the text itself. There are good bibliographies after all the chapters and most are well-annotated. A comprehensive index would, however, have been useful.

If, then, poverty generally decreased as a result of the Industrial and Capitalist Revolutions, why then do so many hold the contrary view? Two reasons come out of this study. "The truth," wrote Macaulay, "is that the evils are, without exception, old. That which is new is the intelligence which discerns and the humanity which remedies them." The factory system, by replacing the domestic industrial system of the 18th century, did not create poverty; but it did formalize, dramatise and publicize it.

The second major reason is, ironically, much to the credit of the new system. Up until the Industrial Revolution economic growth was virtually nil at all times, material progress was alien to experience for most members of society. There was a most uneven distribution of the nation's resources in what was a static society. "But," A. L. Bowley reminds us in his "Wages and Incomes in the United Kingdom since 1860," "the idea of progress is largely psychological and certainly relative; people are apt to measure their progress not from a forgotten position in the past, but towards an ideal, which like an horizon, continually recedes. The present generation is not interested in the earlier needs and successes of its progenitors, but in its own distresses and frustrations considered in the light of the presumed possibility of universal comfort or riches." The Victorian Age was an age of great expectations, founded, ironically, on the very industrialization which was blamed for society's ills, and given vent by the democracy which followed in the train of that industrialization.

Of course, in discussing industrialization we refer also to the "laissez-faire" system, so greatly misunderstood and maligned. Economic freedom, its historical origins having been deservedly re-examined in *The Long Debate,* comes out with a clean bill of health. Libertarians are often accused of concentrating overly on economic issues. Referring to the classical economists, Professor Coates in his contribution to *The Long Debate,* writes "they were less interested in political than economic freedom, mainly because they considered this was the indispensable pre-requisite to personal freedom in other spheres of life." How right they were!

"Meanwhile," writes Professor Norman Gash in his essay "The State of the Debate," a new introduction for the second impression of this book, "the old stereotypes of dark satanic mills, half-naked women dragging tubs of coal along mine tunnels, miserable children in work-houses, and starving, riotous working classes, maintain a tenacious existence.

"If 'The Long Debate' has at least helped to convince a wider public that the last word has not been spoken on poverty and the Industrial Revolution, that many current generalisations are misleading, that many popular concepts are false, and that we need to continue with research and discussion, it will have achieved its purpose."

Adrian Day is a graduate of the London School of Economics, where he majored in history. From 1972 to 1974 he was assistant director of England's Society for Individual Freedom.

EDUCATION IN A FREE SOCIETY.
Indianapolis: The Liberty Fund. 1973.
182 pp. $5.00.

Reviewed by ART DIAMOND, JR.

The Indianapolis-based Liberty Fund is one of the lesser known organizations working for a libertarian society. Its low profile is due largely to the Fund's underlying philosophy: it is just as important to seek new truths as it is to communicate the truths that are already understood. One way that the Fund has sought to implement this principle is by bringing together libertarian and conservative intellectuals in order to engage in thoughtful Socratic discussions on topics concerned with the institutions underlying the free society. For example, a recent conference considered the importance of gold in a free-enterprise economy. An earlier seminar, held in 1971, has resulted in the publication by the Fund of a book entitled *Education in a Free Society.*

The book consists of á summary of the seminar's proceedings, a position paper by B. A. Rogge and Pierre Goodrich, additional papers by Gottfried Dietze, Russell Kirk, Henry G. Manne and Stephen Tonsor, and finally an article by Dorothy Sayers on "The Lost Tools of Learning." The essays can be roughly divided into two groups—those committed primarily to the free market in education (the libertarian position) and those committed primarily to the preservation of the university as an essentially medieval institution even at the price of intervention in free market processes (the conservative position). In addition to advocating the conservative position the essays of Dietze, Kirk and Tonsor seem somewhat outdated in their emphasis on physical violence to person and property as the most important threat to good education. In these quieter times, the essays that will prove most valuable to libertarians are "Education in a Free Society" by Rogge and Goodrich, and "The Political Economy of Modern Universities" by Henry Manne.

ROGGE AND GOODRICH

Rogge and Goodrich's paper displays the seldom found virtue of making explicit several of the authors' most important assumptions and definitions. For example, they emphasize that they do not desire to remake Man (a task that they believe is futile because of Man's irremediably imperfect nature) but rather to restructure certain human institutions in order to allow imperfect Man to achieve as much as he or she is able. The institution with which they concern themselves in their paper is higher education.

The section of the paper on "The Purposes of Education" is valuable largely because in it the authors recognize the danger involved in any attempt to define *the* purposes of education. That danger lies in assuming that there is only one set of valid purposes. For Rogge and Goodrich the purposes to be served are not those certified as valid by some education "expert" but rather the purposes brought to the educational marketplace by those who believe that they have some interests to be served there. Thus while the defender of the market does not take a position on *what* purposes should be served, he does have an answer to the question of *whose* purposes should be served. The answer is that whoever pays the bill has a right to determine the purposes for which his money will be spent. Parents may decide to delegate some of the purpose-determining responsibility to their financially dependent children, but the extent of that delegation must, according to the authors, be determined by the parents, not by the children or the state.

In their consideration of "The Economics of Education" the authors persuasively argue against wide-spread, below-cost pricing of educational services. Their case involves a reasoned rejection of the "equal opportunity" argument, an analysis of the harmful effects of below-cost pricing on the process of weeding out inefficient educational organizations, and the observation that for students "willingness to pay the price is one measure of strength of motive; when the price is zero, the motive is often its equal."

In the final section of their paper Rogge and Goodrich outline the characteristics that would be possessed by "The Ideal College." Unlike some of the other contributors to this book, they make it clear that if there were not sufficient consumer support for their ideal they would not advocate coercive means to maintain its existence. Their ideal would be a liberal arts college staffed mainly by limited-government libertarians whose salary and length of employment would be determined by their ability to attract students to their seminars and lectures. The educational process would involve extensive reading followed by Socratic discussions of the material and finally by lectures. No diplomas or degrees would be awarded since "the college would exist to serve students truly seeking knowledge, not those seeking only a degree or other meaningless relics from the current system."

MANNE

The other paper written from a clearly libertarian perspective is Henry Manne's "The Political Economy of Modern Universities." Manne's objective in the paper is to consider the past origins, current effects and future alternatives of nonprofit educational organization. Manne notes that the early nonprofit colleges in America were founded largely with the object of inculcating or reinforcing religious and moral precepts in their students. The nonprofit form of organization was appropriate since the interests being served were not so much those of the students as they were those of the contributors who " 'purchased' their own utility in the form of religious training for their and others' children."

In the late 1800's with the expansion of state universities and the increased demand for advanced vocational training, the ends of donors were no longer seen as the prime rationale of the University. However, even though education had become "consumer-oriented" in theory, in practice the anachronistic nonprofit mode of organization prevented it from identifying and meeting the needs of the students. According to Manne the result has been to leave the University without effective direction. The real power has moved from the Board of Trustees to the Faculty whose internecine battles create an environment where those who survive are characterized by "a low level of innovation and, by indirection, strong aversion to risk." According to Manne: "There is no reason to believe that people with these characteristics will not reflect them in their doctrinal views. In other words, it would be highly surprising for a large population that has established its suitability for a bureaucratic, nonprofit-oriented, political environment to advocate market solutions to any problem."

Manne's main alternative to the present situation consists of giving ownership in the University to the Faculty (who are the de facto owners already) and ending all government subsidies. This would eliminate below-cost financing and make educational institutions more competitive in meeting the needs of students. Education would thus, at last, become *truly* consumer-oriented.

Predictably, the seminar participants' discussion of the papers seems to have produced no new ideas, but perhaps it did succeed in clarifying the positions of the participants and in isolating disagreements. One of the most revealing exchanges occurred over the hypothetical question of what would be done if the free market should fail to provide "adequate" support for education. The clash revealed the pri-

(continued on p. 42)

movies

• Paul Newman reprises one of his best roles in **THE DROWNING POOL**, a well-paced contemporary melodrama filmed on location in New Orleans. As Lew Harper, the cynical but honest detective first seen in the 1966 movie *Harper*, Newman once again finds himself surrounded by a kinky group of characters bent on getting their way at any price. For openers, there is a former girl friend, trying to track down whoever is sending threatening letters to her husband; her precocious teenage daughter, playing around with the family chauffeur; her domineering mother-in-law, running the family plantation with an iron hand; and the local police chief, with more than a passing interest in the family fortunes. A bit further into the plot, when bodies start to turn up with alarming regularity, the finger of suspicion begins to point to the town's friendly neighborhood oil baron, who is determined to take over the plantation and claim the black gold below. Events tend to ramble a bit, but they all come together by the end of the movie. Some of the supporting performances are a shade off-key, with Joanne Woodward a bit too chic as Newman's former flame, Melanie Griffith a bit too pushy as the teenage daughter, and Tony Franciosa a bit too conventional as the police chief. Murray Hamilton, however, is sinister and believable as the ruthless oil tycoon, a nice recovery from his disappointing performance in *Jaws*. The location photography in Louisiana is a pleasant change from the usual Hollywood studio backlots. Rated "PG."—**Charles F. Barr**

• **SMILE** is a cleverly constructed, lethally effective jab at two of America's least attractive institutions: the beauty pageant and the "service club" mentality. The movie is a fictionalized account of the state finals of a teenage beauty and talent contest, sponsored by the local Jaycee chapter of a small California town. Bruce Dern stars as a modern-day Babbitt, aware of the system's built-in hypocrisy but willing to work within it. Barbara Feldon is coolly professional as baby sitter for 33 contestants during the week-long ordeal, whose dedication is an escape from a failing marriage. The hapless contestants are thrown into a situation in which they are expected to embrace the phony altruistic ideals of their sponsors (with "serving other people" at the top of the list), while competing intensely, often ruthlessly, to beat out the other contestants for the crown. This practical lesson in "idealism vs. realism" has a noticeable effect on the contestants. Joan Prather plays a naive but basically decent girl torn between what she feels, and what she thinks she ought to feel. Maria O'Brien plays her opposite number, ruthless and stage-savvy, out to win the contest by cynically manipulating the audience. Aside from its clever satire, *Smile* has two other things going for it. The movie is wickedly funny in its own right; and the characters, rather than being stereotyped, are real flesh-and-blood people, often sympathetic in spite of themselves. Rated "PG."**C.F.B.**

• Gene Hackman is one of the finest actors in films today and with three films currently in release, one of the most prolific. Occasionally, however, he comes a cropper. Take, for example, **BITE THE BULLET.** Richard Brooks' latest tribute to banality is a ship of fools on horseback: competing in a marathon race are the Big-hearted Whore (Candice Bergen, looking like a finishing school valedictorian), who sacrifices herself for the unworthy man she loves; the Young Kid, who confuses physical aggression with manhood; the Old Man, who wants to win to prove that he's Somebody; the Mexican, representing all minorities; the moderately silly English Sportsman; and the good-natured Gambler (nicely played by James Coburn). Towering above this fortuitous sampling of humanity is Gene Hackman, friend of the old and the infirm, defender of the dumb and the outcast and chastiser and reformer of the wayward. And so that virtue may be rewarded, he also manages to win the race (a foregone conclusion from the first frame), with a little help from his loyal horse, who nudges the dismounted rider across the finish line in a tortured slow-motion sequence. If there is a cliche missing from the film, we have only Brooks' forgetfulness to thank. Although a recent British comedy is taking credit for setting the cinema back 900 years, this is a distinction that can be claimed only by *Bite the Bullet.* Rated "PG."—**James F. Carey**

Paul Newman and Gail Strickland search desperately for a way out of The Drowning Pool.

• If Hackman's role in *Bite the Bullet* appears to rest uneasy with him, it is probably not because he is acutely embarrassed (which would be explanation enough), but because the role of the invincible hero is not one that he does best. Hackman excels in a subtler role, the individual who appears confident and unassailable but who is actually insecure, somewhat tormented and hiding from his pain. Such a role is Harry Mosbey, the private eye in Arthur Penn's **NIGHT MOVES**, a superb little mystery that offers Hackman at his best. Harry is a man whose profession is a compulsion, whose ability to solve other people's mysteries shields him from having to scrutinize himself too closely. When he discovers his wife's infidelity, he follows her lover as if he were on another case. He appears to be in complete command of situations, but he is being skillfully maneuvered and he doesn't recognize it until it is too late. And when he discovers that he missed all of the signs, that he failed to detect not simply the villain but the entire drama in which he was playing a part, he is devastated. Hackman gives a beautiful performance, tightly controlled and understated, a performance that makes it easy to overlook his less successful efforts. Rated "R."—**J.F.C.**

spotlight

LOUIS A. WITZEMAN

When Lou Witzeman moved to the outskirts of Phoenix in 1947, the last thing on his mind was fire fighting. At 22, he was the youngest city editor in Arizona, earning all of $60 a week at the now-defunct *Arizona Times*. Today, at 50, he is the president, treasurer, and sole stockholder of America's largest and most successful private enterprise fire fighting company: Rural/Metro Fire Department, Inc. With 34 stations, 92 vehicles, and nearly 500 full-time and part-time employees, the company provides fire protection services to over 383,000 Arizonans—some 18 percent of the state's population. And it does it at a profit: how much, Witzeman doesn't say, but his rapidly-expanding business ($2.6 million in 1974) makes sufficient money to finance an ongoing research and development program and operate a profit-sharing plan for its (nonunion) employees.

Witzeman never intended to become a firefighter—or an entrepreneur. But when he discovered that the unincorporated area where he had bought his house had no fire protection, it occurred to him to organize a cooperative fire department. So he went around to his neighbors seeking pledges of $10 each to purchase a fire engine, and soon found that: (1) most of the people who said they would contribute, didn't, and (2) if a fire department of any sort was going to come into being, he was going to have to set it up himself. Eventually, he raised $10,000, bought a used fire truck and a pickup, hired four men, and hung out a shingle "Fire Service For Sale." After nearly going broke the first year (he quickly went back to school and learned accounting), the business took hold and has been growing almost continuously ever since.

At first the company operated solely on a subscription basis, offering fire protection service to individual subscribers for an annual fee. Rural/Metro still does a lot of subscription business in rural areas, serving some 38,000 subscribers at present. But in 1952 one of its principal subscriber areas incorporated as the City of Scottsdale. Impressed by the low-cost but competent service Witzeman had been providing in the area, the new city's government decided against setting up a city fire department; instead, they negotiated an annual contract for Rural/Metro to provide the city's fire protection, becoming, de facto, the city's fire department. The arrangement has continued, year by year, to this day, to the mutual satisfaction of the company and the city government. Not to mention the taxpayers—fire protection in Scottsdale, now grown to 96,000 people, costs only $8 per capita, barely one-third the national average for cities of 50-100,000 people. The city recently extended Rural/Metro's contract for five more years. The company also contracts with four other incorporated cities, five new unincorporated cities, and three fire districts. In addition to fire service, in several locations the company also provides security and ambulance services.

As a private fire department, Rural/Metro is something of an anomaly. "Unlike many other businesses," laments Witzeman, "we pay a constant, never-ending price for being different. Nobody ever heard of a privately owned fire department. We are beseiged with small but important problems all the way from buying liability insurance to financing capital improvements. We do not fit into anybody's rule book, and in this punchcard civilization of ours, that makes us suspect." As a private businessman, Witzeman has been dealing for years with issues that are just now giving government fire chiefs fits: hiring women, paying time-and-a-half for work beyond 40 hours per week, dealing with OSHA regulations, etc. Witzeman takes such challenges in stride, and incorporates them into his operations.

Having to make a profit has forced Witzeman to develop numerous innovations in firefighting methods—everything from custom-designed pumpers and king-size hose to innovative staffing policies and the lime-yellow color of the trucks (for best night-time visibility). Witzeman has little respect for traditional methods in this often-stagnant field. "Firefighting," he notes, "is the perfect expression of what can happen when you don't have enough of a free enterprise approach. Most fire departments are fighting and preventing fires the same way it was done 50 years ago. Most firemen spend at least 40 percent of their time sitting on their tailbones, waiting for a fire. At today's costs, today's taxpayers can't afford a man who waits to serve—firemen in most departments have got to face up to working for a living."

Naturally, such thoughts have not endeared Witzeman to the fire unions—or to the traditionalist fire chiefs, either. Twice in the early 1970's the fire establishment sent delegations to Scottsdale to do exposés of Rural/Metro. Their flimsy, inaccurate reports are trotted out by the unions any time a city manager considers adopting the "Scottsdale Plan." Undaunted, Witzeman has responded with a slick, illustrated, point-by-point refutation, entitled *Everything You Wanted to Know About the Scottsdale Fire Department But Were Afraid to Ask.*

After many years as a pariah, Witzeman is now in great demand as a consultant, with clients ranging from city managers beleaguered by rising protests over the soaring costs of public services to a group of 40 fire chiefs in rural Tennessee, whose counties chipped in to pay his way to give a weekend seminar on how to construct their own fire trucks (as Rural/Metro does, at up to 50 percent savings). Requests for information are so frequent that the company has taken to sending out form letters, and Witzeman has continued to increase his consulting fee in hopes of reducing the demands on his time—to little avail. All of which is eloquent testimonial to a man who believes strongly in "creeping capitalism" as the key to saving our cities.

Witzeman's success in the fire business has not gone unnoticed. A number of major corporations have offered to buy him out, but Witzeman, who takes great personal pride in the business he has created and still personally directs, has refused. "You've got more money," he told one corporate representative, "but we've got more guts." That remark typifies the spirit of Lou Witzeman—capitalist, entrepreneur, firefighter. ◻

Readers are invited to nominate persons to be featured in this column.

DAVIS E. KEELER

THE COLLAPSE OF THE GOLD MARKET

Speculating in gold against an unbacked, inflated currency is not a new phenomenon, even in the United States. While, as we all know, history doesn't repeat itself, there are *some* benefits to be gained by looking at what has happened in the past.

During the Civil War, the Federal government issued large quantities of unbacked legal tender notes, the so-called "greenbacks." Since there was current in those days a substantial gold coinage, there emerged a dual currency with the legal tender greenbacks trading at a discount against gold.

Depending on the fortunes of war and, later, of the post-war economy, greenbacks were traded as low as $241 paper for $100 in gold. But, with the return of prosperity in the late 1860's, greenbacks recovered and, by the spring of 1869, they were trading in New York at $131 in greenbacks to $100 in gold.

At this point, Jay Gould entered the picture. Conventional historians differ in their appraisal of Gould. Some say he had the ethics of a shark, while others say he didn't.

Gould had a modest personal fortune (normally described as "ill-gotten") and, in addition, controlled the treasury of the Erie Railroad. He also had the backing of the Tammany-controlled Tenth National Bank. With these funds he began to buy gold and soon acquired about $7 million worth. Since, in those days, the entire floating supply amounted to only about $15-20 million, Gould's holdings amounted to a sizeable portion of the outstanding stock.

It isn't clear whether Gould started with the idea of cornering the gold market, or if the thought occurred only later. (He certainly had no shortage of evil companions, such as Jim Fisk, to put these thoughts into his mind.) In any event, it soon became clear that this had become his intent.

As the spring of 1869 progressed, Gould continued to buy. A successful corner on the gold supply would involve not only buying up a controlling portion of available stocks, but also absorbing the short sales of other traders.

The most significant danger faced by Gould was the gold stocks of the U.S. Treasury, amounting to some $80 million. If these stocks were thrown on the market, Gould's attempt to cover the market would collapse.

Being as prudent as he was slippery, Gould befriended Abel R. Corbin, a brother-in-law of President Ulysses S. Grant. Gould explained to Corbin how farmers would benefit from a high gold price. He did not have to explain to Corbin who would be benefitted by the $2 million in gold bonds he had bought on margin for Corbin's account.

Through Corbin, Gould brought Grant's influence to bear on the Treasury to forestall any embarrassing gold sales. Major General Dan Butterfield was named Assistant U.S. Treasurer at New York and he, too, became converted to the cause of a high gold price. Butterfield, not being a presidential in-law, received only $1.5 million in margined gold bonds.

By the end of summer, Gould and Fisk owned twice the floating gold supply (thanks to short sales) and had to pump still more millions into the market as short sellers were convinced the corner could be broken. Gold was up to $141 in greenbacks.

On the night of September 22nd, Corbin called Gould to his home and showed him a letter from the President's wife to Mrs. Corbin warning her to stop speculating in gold. Gould persuaded Corbin to say nothing about the letter.

On the following day—the 23rd—Gould appeared at the Exchange, ostensibly as bullish as ever, but he had secretly ordered his agents to begin selling his holdings. The market closed at 144¼.

On the next day, September 24th, "Black Friday," the market opened active and the price shot up to $150, reaching a high of $164 shortly after 11:00 a.m. At 11:25 a.m., the news broke that President Grant had ordered the Treasury to sell $5 million in gold.

The market broke, wiping out scores of traders who had thought they were following Gould's lead. An angry mob of speculators stormed through the financial district looking for Gould and Fisk, who had barricaded themselves in their offices at the Opera House protected by police and Tammany thugs.

Gould, $11 million richer, returned to his chosen profession of plundering railroads. He died in 1892 with a fortune estimated at $77 million.

Those were the good old days.

c 1975 Davis E. Keeler

Davis Keeler's Money column alternates monthly in REASON with John J. Pierce's Science Fiction column.

BOOK REVIEW

(continued from p. 39)

mary commitment of the participants—separating those for whom freedom is a primary value from those for whom it is of secondary importance. The individual whose primary commitment is to certain concrete results (e.g., an "adequate" educational system) can, at most, give only tentative and conditional support to the free market. If such an individual is conscientious he will always be re-evaluating the evidence on whether the free market can and will deliver the desired results. If he concludes that it will not consistency forces him to propose, albeit reluctantly, an intervention into the market in the manner of Milton Friedman's negative income tax. Thus only the individual whose *primary* commitment is to freedom can safely guarantee himself and others that he will never advocate state intervention.

Education in a Free Society should be of value to all those concerned with restoring freedom to the most important unfree institution in our society. In the concluding essay of this volume Dorothy Sayers correctly suggests that all of us are qualified to discuss education if only because we have suffered through 12 or more years of it. From that experience most of us would no doubt agree with Rogge and Goodrich's conclusion that: "tax-supported education tends to make of our schools and colleges a collection of nonstudents under the tutelage of nonteachers and the administration of the incompetent."

Art Diamond, Jr. recently graduated from Wabash College and has begun graduate work in philosophy at the University of Chicago.

publisher's notes

• **RECENT EDITORS' ACTIVITIES:** During the past year Robert Poole, Jr. has served on the Steering Committee which has set up AREA—the Association for Rational Environmental Alternatives, a group of people with professional, academic, or business interests in urban and environmental issues. AREA intends to focus on nongovernmental solutions to such problems and to serve as a forum for interdisciplinary study of urban and environmental issues, such as land use controls and public service delivery.

Poole has also become a founding trustee of the Phoenix Foundation, a nonprofit organization engaged in developing libertarian constitutions and seeking locations throughout the world for the establishment of freeports and/or other autonomous territories where libertarian principles can be put into practice. Other trustees of the Foundation include Nathaniel Branden, John Hospers, Mike Oliver, and Harry Schultz.

Poole will be listed in the 1975 edition of *Who's Who in the West,* and his article "The Wealth of the Oceans" is being reprinted by the Foundation for Economic Education in their packet of information for high school debaters for the 1975-76 school year. The debate topic for this year concerns the "development and allocation" of various world resources.

In addition to acting as chairman of the Los Angeles-based Libertarian Law Council, Manuel Klausner is working with Donald Feder and Gary Greenberg to organize a National Association of Libertarian Lawyers.

Klausner is currently active on a committee advising Los Angeles City Councilman Joel Wachs on noncoercive methods for the city government to aid the arts. He has spoken on libertarian topics before various organizations in Southern California and will be listed in the 1975 edition of *Who's Who in the West.*

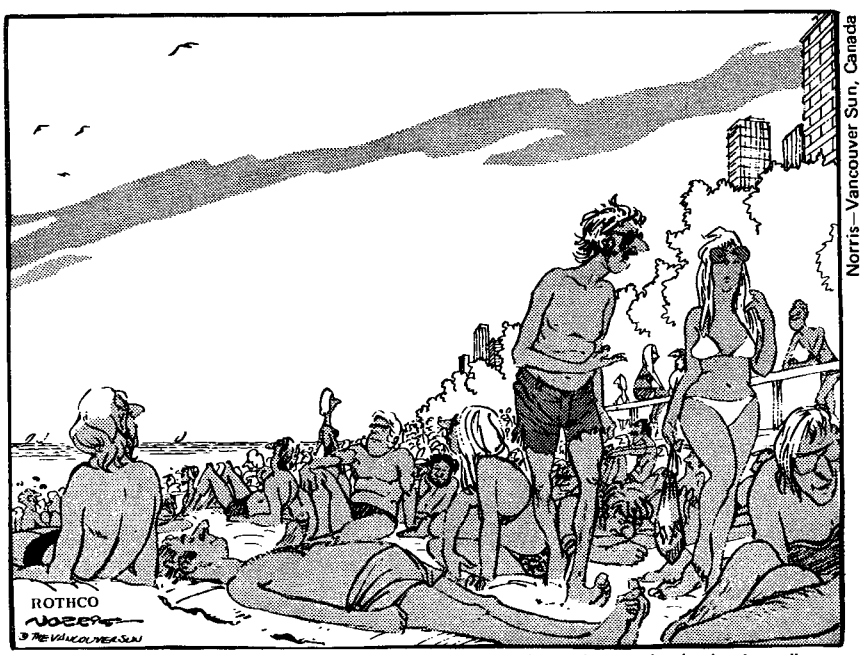
Lynn Kinsky is completing her first year as member of the National Executive Committee of the Libertarian Party and State Executive Committee of the Libertarian Party of California, and is chairperson of the Santa Barbara Libertarian Party. She ran for Santa Barbara School Board in March, and received almost ten percent of the vote out of 18 candidates.

Kinsky has published pieces in the *Libertarian Review* and the *Libertarian Forum* and has spoken on feminism and the libertarian movement before a number of groups, including the California Library Administrators Association Meeting in Sacramento.

Senior Editor Tibor Machan was selected as one of the National Fellows of the Hoover Institution on War, Revolution and Peace. His work during the year will be spent at Stanford University's Hoover facilities, where he will focus on the issue of due process and the regulatory agencies.

Machan was recently discussed in an article by Professor Eysenck in the July issue of *Encounter* magazine, a prominent British publication. The article dealt with B. F. Skinner and his critics. Machan's book, *The Pseudo-Science of B. F. Skinner,* was the only anti-Skinnerian book (briefly) touched on by Professor Eysenck.

• **GOVERNMENT "PROTECTION":** Robert Friedman was arrested for panhandling in front of a downtown Chicago bus terminal in April. Because he was carrying $24,000 in small bills with him, he was committed to a mental institution by a judge who said he was protecting Friedman from thugs who might be after his cash. Now Friedman, 43, has seen the government use half of his life savings to pay for hospital fees and doctors' bills ordered by the court, including $800-a-month Friedman is charged to be kept at the mental facility he fought to stay out of. The judge—who suggested that he'd have reached a different conclusion "if he only had a quarter instead of $24,000"—also ordered Friedman to pay the fees for the lawyer who argued that he be committed.
According to his attorney who is appealing the commitment order, Friedman "lived frugally his entire life and saved every penny he made" as a clerk-typist and stenographer. It's nice to know the state is interested in protecting citizens from robbers. But we'd feel better if we knew how citizens could be protected from the state. ◻



"...little the government seems to care that I could get burned to a crisp having to wait six weeks to collect unemployment insurance in this weather..."

frontlines

TAX REBELS TO BE JAILED WITHOUT JURY TRIAL

Karl Bray, probably the leading tax protest leader in the country today, and two other tax protesters, **Sam Goeltz** and **Bob Wray** were convicted in March 1974 of "illegal possession of Internal Revenue Service insignia" without the right to a jury trial. They have been appealing the case since then and are scheduled to go before the U.S. Supreme Court this fall. Here is some background on the case.

Bray had been the subject of IRS harassment since 1971 when he was fired from

his job as a radio talk show host because of IRS pressure on the station. Purchasers of his book *Taxation and Tyranny* were contacted and threatened by the IRS. On April 19, 1973, Bray was leaving a meeting of a tax protest group in his office in Salt Lake City when he was arrested, along with Goeltz and Wray, and held without being informed of the charges against him. The next day, they were arraigned for "illegal possession of IRS insignia," a charge stemming from *reproductions* of IRS seizure stickers which were passed out at the meeting which the IRS said they found in the defendants' cars (the illegal sticker is reproduced here —surprise! You're under arrest!). When Bray returned to his office, he found $30,000 in business funds missing. Although Bray filed suit to get the money back, and the IRS never said why the money was taken, Bray hasn't yet recovered the money, and his precious metals business soon failed. In the last two years, Bray has been the object of much attention by the IRS and other government agents. (For more information on Bray, see Profile, Nov. 1974.)

On March 14, 1974, Bray, Goeltz, and Wray were denied a jury trial, tried and convicted, and sentenced to the maximum penalty under the law: six months in jail and a $250 fine, by Federal judge **Willis Ritter**. Although the charge was for "possession," the decision of Judge Ritter was based upon the assumption that the stickers had been *counterfeited,* a charge which had never been at issue!

In addition to the denial of a jury trial, 11 other constitutional rights were violated. An appeal to the 10th Circuit Court in Denver earlier this year proved fruitless, and an appeal was later filed with the U.S. Supreme Court, which may be considered in the fall session. The defendants are not hopeful, however, since most cases brought before the high court are never heard. They are asking people to write to the Supreme Court Justices, Congressmen, and the media to bring public attention to their case and force the Court to hear it. For more information about the case or if you wish to contribute to the defense funds write: **Karl J. Bray Defense Fund,** 296 Kathleen, #8, Orange, CA 92669; or **F. S. Goeltz Defense Fund,** 3005 Clay St., #3, San Francisco, CA 94115. They need your help. Remember, if they can get the leaders of the tax protest movement on such minor charges, they can get *you* next.

For more information about the tax rebellion in general write to **Tax Reform Informational Materials** [a clearing house on tax rebellion materials], Box 2423, Orange, CA 92669.

CANDIDATES FOR LIBERTY CONCENTRATE ON LOCAL ISSUES

One of the main reasons that local chapters of the Libertarian Party have not been taken seriously by the media, political leaders, and the voters is that, even when running local campaigns, they spend most of their time talking about vague, utopian issues on a national or international level, rather than dealing with the local community on local issues. One of the rare exceptions to this is Poughkeepsie, New York where the **Free Libertarian Party** is a respected political force in the community. The prominence began in 1972 when **Sandy Cohen** ran for Congress from the area with an active 22-month campaign dealing with libertarian solutions to local problems.

This year two important members of Cohen's campaign team, **Ellen Davis** (his former campaign manager), and **Carole Cohen** (his wife) are running for local offices in Poughkeepsie. Ms. Davis is running for Dutchess County Executive and Ms. Cohen is running for Mayor of Poughkeepsie.

Davis is a former McGovernite liberal who, after becoming a libertarian, was asked by Sandy Cohen to manage his Congressional campaign. She is currently working as an English teacher at a local high school. (For more about Ms. Davis, see "Profile," Aug. 1975.) In addition to running on the Free Libertarian Party (FLP) line in the general election, she is running in the Democratic Party primary and is given a good chance of defeating the leading candidate for County Executive, Robert Piggott, in either the primary or general elections.

Despite the hassles of having two small children at home, Carole Cohen is also running a very active campaign for mayor. In addition to her running on the FLP line in November, she is given an excellent chance of winning the Conservative Party nomination in the primary. Both the Democratic and Conservative primaries are to be held (or were, depending on when you receive your magazine) on September 9th.

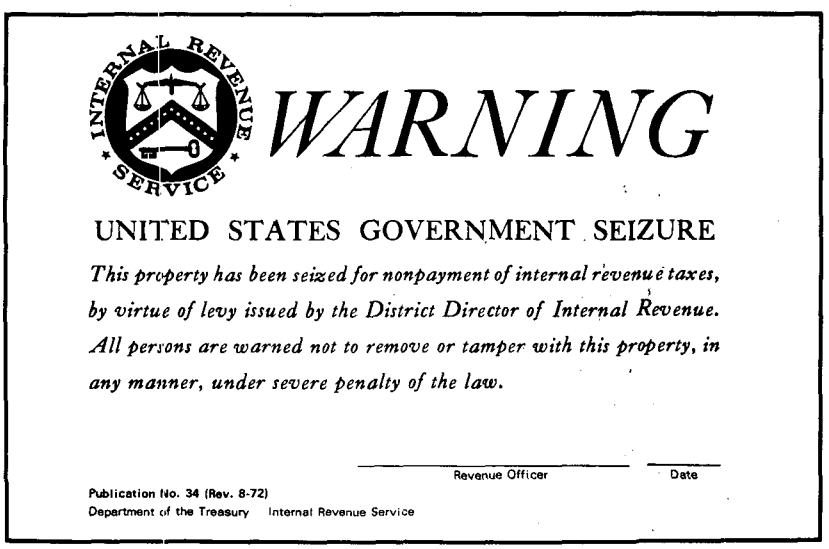
Both Davis and Cohen have received very favorable media coverage—they send out a few press releases a week and each is covered by all the media in the area. Both have also been favorably mentioned in editorials by the local newspapers, and they were endorsed by one local paper, the *Dutchess County News,* that said in an editorial, "Like the first sweet smell of April, Carole Cohen and Ellen Davis have appeared and are running for public office . . . They will reduce taxes. Flat out. No nonsense. No kick backs. No foolishness. No secret deals. No protecting the 'good old boys'. They will reduce taxes at once."

The Candidates for Liberty campaign has been well-researched; both candidates have come up with comprehensive plans to drastically cut local government costs and power. They both have an excellent chance of being the first elected libertarians in the nation. People who wish to contribute or volunteer should contact **Candidates for Liberty,** Box 1776, Poughkeepsie, NY 12601; phone (914) 471-8771.

THE LRA

The Libertarian-Republican Alliance has announced their support for two candidates running this year.

One is **Rick Knox,** who is running for Councilman-at-Large in Metropolitan Nashville, Tennessee. He previously ran for State Legislature, polling 34 percent of the votes, and is an elected member of


INTERNAL REVENUE SERVICE
WARNING
UNITED STATES GOVERNMENT SEIZURE
This property has been seized for nonpayment of internal revenue taxes, by virtue of levy issued by the District Director of Internal Revenue. All persons are warned not to remove or tamper with this property, in any manner, under severe penalty of the law.
Revenue Officer
Date
Publication No. 34 (Rev. 8-72)
Department of the Treasury Internal Revenue Service

IRS Seizure sticker

the Tennessee State Republican Executive Committee. Information on his campaign may be obtained by writing to **The Knox Campaign,** P.O. Box 17179, Nashville, TN.

The other is **Harold Beale,** a candidate for one of the three Virginia House of Delegates seats allotted to Arlington. He is given a good chance of unseating one of the Liberal Democratic incumbents. People may contact his campaign by writing to **Beale for Delegate,** 5922 N. 14th St., Arlington, VA 22209.

NEW JERSEY

Several New Jersey LP members have successfully completed petition drives and are now on the ballot for the NJ State Assembly in the November general election:

Jack Conard, running in the 9th Assembly District, has already had two newspaper articles published about his candidacy. He is emphasizing that "the State seems to have a 'solution' to every 'crisis' except the Liberty Shortage." *CONARD FOR LIBERTARIAN ASSEMBLY CAMPAIGN FUND,* P.O. Box 1269, Toms River, NJ 08753.

Ron Wishart, candidate in the 11th Assembly District, is campaigning in order to get the Libertarian Party known as a political party and to educate the voters and politicians to the libertarian philosophy so that even if we don't win, our policies will prevail. *WISHART FOR LIBERTARIAN ASSEMBLY,* 5 Locust Grove Lane, Englishtown, NJ 07726.

Ken Kaplan is campaigning in the 26th Assembly District in order to turn on as many people as possible to the Libertarian alternative to the major parties' version of government and taxation and to attract a sufficient number of votes so that in the future both the media and the voters will regard the NJLP as a major party. *KAPLAN FOR ASSEMBLY,* 150 Cleveland Street, Apt. A-2, Orange, NJ 07050.

Dan Piro in the 37th Assembly District is taking a leave of absense of 2 to 4 weeks from his job to campaign fulltime. His objective is to get out on the street and run a serious campaign. *DAN PIRO FOR ASSEMBLY,* 2151 Center Avenue, Fort Lee, NJ 07024.

A central campaign fund has been established to make it easier to contribute to all of the candidates: **CAMPAIGN FUND FOR LIBERTARIANS '75,** P.O. Box 247, Bernardsville, NJ 07924.

LONG FOR MAYOR OF BOSTON

David Long, Chairperson of the Massachusetts Libertarian Party, is a candidate for mayor of Boston. He says that he is committed to a serious election bid, rather than a half-hearted educational teach-in or a means of gaining personal prestige or exposure. Long feels that from a libertarian's standpoint, "this is the biggest political battlefront of 1975, due in part to the off-year status of national politics, but more importantly, because of the present sorry state of affairs in the city of Boston."

Long announced his candidacy at the recent state LP convention and immediately received front page coverage in Boston's largest newspaper, *The Boston Globe.* At his first press conference, he called for the abolition of the Boston School Committee, institution of neighborhood control over neighborhood schools, and the implementation of a city-wide voucher system to facilitate freedom of choice in enrollment. He is also advocating the "drastic decentralization" of the Boston Police Department. He pledges to work for "immediate de-regulation and ultimate repeal of all laws regulating transportation, gambling, alcoholic beverages, drugs, sexual relations among consenting adults, construction and zoning, wages, and rents." As an incentive to decentralization, he would offer tax rebates to any person or group who privately contracts for services now provided by the city.

Long's campaign urgently needs contributions and volunteers. People may contact the **Committee to Elect David Long Mayor of Boston,** P.O. Box 2610, Boston, MA 02208.

MAYOR OF SAN FRANCISCO

Ray Cunningham, northern California Vice-Chairperson of the Libertarian Party, recently announced his candidacy for Mayor of San Francisco. He is a 33-year old mechanical engineer who spent 14 years in the Coast Guard before moving permanently to San Francisco.

Cunningham announced his candidacy on August 4th, receiving a good deal of media coverage including the front page of the *San Francisco Progress.* He said he is basing his campaign on the issues of shifting government services to private enterprise, drastically reducing taxes, and shifting police attention away from victimless crimes. "Let's get the police out of the bordellos and back on the beat," he said. Cunningham is criticizing the "monopoly privileges of the Muni and taxicab systems," preferring private companies operating on a freely competitive basis. He is also advocating a new "fire demand charge" levied against each building for the demand that building actually places on the city's fire department. "Many buildings in San Francisco are exempt from property taxes which shifts fire protection costs to other property owners," he explained, stressing that his demand charge would be separate from the property tax. Cunningham says that he prefers "voluntary solutions to all problems rather than the coercive nature of government subsidized programs. After years of rising crime and taxes on top of declining public services, it is becoming obvious that City Hall itself is the problem."

Anyone who wants to contribute or help with the campaign should write to **Ray Cunningham for Mayor Committee,** 450 Liberty Terrace, San Francisco, CA 94114 or call (415) 282-3313.

TAYLOR FOR SAN FRANCISCO SUPERVISOR

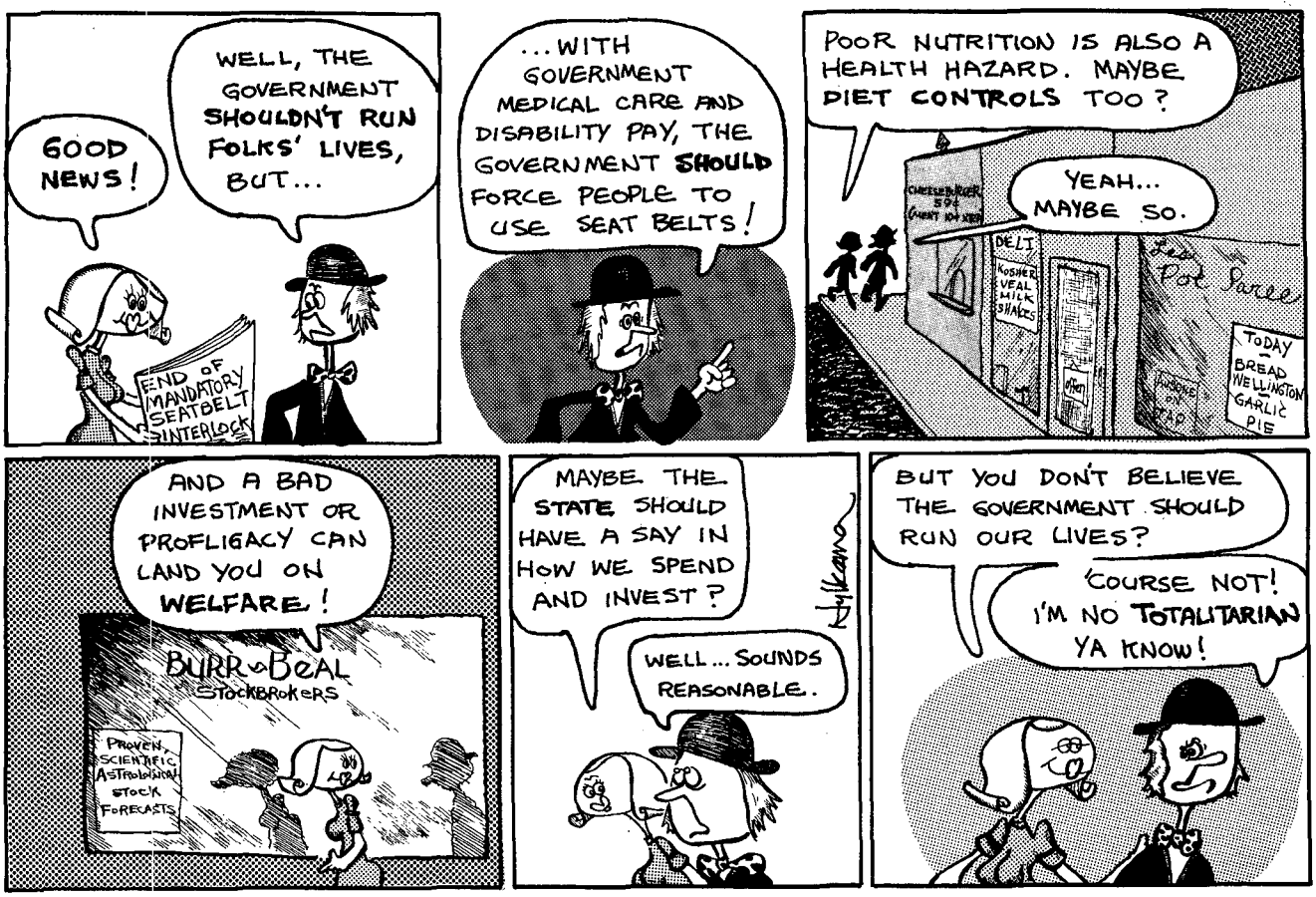
Attorney **Lloyd Taylor** has announced his candidacy for a seat on the San Francisco County Board of Supervisors. Taylor was a candidate for California State Treasurer on both the Libertarian Party and the Peace and Freedom Party last year. He is an attorney-at-law and certified public accountant and is treasurer of the Golden Gate Business Association. He is also a member of the Peace and Freedom Party State Central Committee and the Libertarian Party of California.

Taylor kicked off his campaign earlier this year by calling for the sale of several city-county services to private enterprise and received a good deal of local media coverage on his plan to sell Golden Gate Park. In addition to his plans to sell off the services and cut taxes by 50-75 percent, he has produced a comprehensive plan to drastically reduce crime in San Francisco. This plan includes: legalization of all drugs and victimless crime laws, removal of the current District Attorney and Mayor Alioto from office (he contends they are corrupt), repeal of compulsory education laws, repeal of payroll and property taxes, and repeal of minimum wage and child labor laws. Taylor contends that the major causes of crime are government laws that restrict entry into employment and business. "The increase in the crime rate in recent years is due to increased government laws restricting free competition and entry into the labor market of persons with lesser skills." Taylor is also calling for firing the vice squad, removing the city monopoly on transportation services, banning the sale of fluorocarbons in the city, and reducing the number of city employees in all departments which lack equal representation for homosexuals.

Anyone interested in contributing or helping Taylor's campaign should write to **Lloyd Taylor for Supervisor,** 360 Pine St., San Francisco, CA 94104 or call (415) 788-1193. ◻

rudebarbs

RANDALL K HYLKEMA


GOOD NEWS!
WELL, THE GOVERNMENT SHOULDN'T RUN FOLKS' LIVES, BUT...
END OF MANDATORY SEATBELT INTERLOCK
...WITH GOVERNMENT MEDICAL CARE AND DISABILITY PAY, THE GOVERNMENT SHOULD FORCE PEOPLE TO USE SEAT BELTS!
POOR NUTRITION IS ALSO A HEALTH HAZARD. MAYBE DIET CONTROLS TOO?
YEAH... MAYBE SO.
DELI
KOSHER VEAL MILK SHAKES
Pot Puree
TODAY - BREAD WELLINGTON GARLIC PIE
AND A BAD INVESTMENT OR PROFLIGACY CAN LAND YOU ON WELFARE!
BURR & BEAL STOCKBROKERS
PROVEN SCIENTIFIC ASTROLOGICAL STOCK FORECASTS
MAYBE THE STATE SHOULD HAVE A SAY IN HOW WE SPEND AND INVEST?
WELL... SOUNDS REASONABLE.
BUT YOU DON'T BELIEVE THE GOVERNMENT SHOULD RUN OUR LIVES?
'COURSE NOT! I'M NO TOTALITARIAN YA KNOW!

letters

GOLD COINS

Charles Curley's call for a new U.S. gold coinage [June] is interesting but, I fear, not very practical. In the first place, the U.S. Mint is in no great hurry to go along. Collectors have been trying for years to get the government to mint a gold subsidiary coin (one whose bullion is worth less than face value—and, in this case, considerably less) for the bicentennial. No deal. The United States Government is as committed as ever to the permanent demonetization of gold.

But even were this not the case, I don't see it as a real possibility that such a coin would ever find much use as actual money. Especially when there is all that crummy paper that can be used in its place. True, not making the coin legal tender would prevent it from being hoarded for bullion. But what about the coin collectors? There are ten million of us in the United States and my guess is every one of us will want one—or more. And so a heavy numismatic premium would quickly attach to each specimen, thereby driving it out of circulation.

So why did gold circulate in the old days? Primarily because there wasn't anything else, and so it was financially unrealistic for most people to collect gold coins on a major scale (I estimate that the average weekly wage for a factory worker employed today were the U.S. on a gold standard, assuming one dollar equal to 1½ grams fine gold—the legal mass when U.S. gold coins were last actually minted—would be about $2.50 or 50¢/day, with commensurate prices for all other goods).

I don't think people realize just how underpriced gold really is. But I think I can offer some idea. In the entire history of the United States, approximately 4½ billion dollars (again, at 1½ grams to the dollar) in gold was coined by the mint. Today, there is about $70 billion in paper floating around plus $100 billion in paper in the hands of other governments. So the total obligations of the U.S. Government in just backing up its paper alone come to almost 38 times the entire amount of gold ever actually coined! And this doesn't even take into account all the check-book money that has been created as a result of bank credit expansion.

Thus, were the government to announce tomorrow that we were going back to a pure gold standard and abolishing the paper, the price of gold would have to rise to well over $750/oz. troy.

Of course, this isn't going to happen, and I hope no reader will conclude that I am saying so. What I am saying is this: as long as something with as much economic clout as the United States Government wishes gold to not be a major money, it won't be. True, the gold will be around long after the paper has turned to ashes, but by then the United States will be referred to as "that ancient empire."

A much better idea would be for Mr. Curley or some other enterprising individual to start making his own coins along the lines Mr. Curley has suggested. Of course, the SS insists you don't call them coins or imply that they are sanctioned by Uncle Sam. But there is no law that says you cannot make "medals" or operate as did the private coining companies of the gold rush days, selling your coins for what they will buy.

Robert B. Crim
Waterbury, CT

Mr. Curley replies: In reply to Mr. Crim,

I should first point out that four years ago, gold legalization, "wasn't very practical." Big deal. My intention was to get the ball rolling. Would Mr. Crim care to send a letter to his Congressmen, Messrs. Sarasin, Weicker & Ribicoff? He might also try his Congressional neighbor, Stewart McKinney, who is on the House Banking and Currency Committee. Incidentally, I have a copy of Hatfield's bill for a numismatic coin (S 1712), and it is quite different from my proposal. Mr. Hatfield's coin, in my opinion, bids fair to become another 'Eisenhower dollar disaster,' and is in any case a subsidy for coin collectors, not an effort at monetary reform.

If every coin collector in the U.S. bought a von Mises and a Jefferson, they would lock up about 15 million ounces, or just over two years production of Krugerrands at present rates. *Of course* the initial premium would be high; it is on any coin. It would come down as more coins are minted. I paid a 14% premium for my first batch of Krugerrands. Now the premium is down to about 3%. However, I'm not complaining—the coin would now sell for 3½ times what I paid for it.

I'm not sure that the von Mises would circulate much at all either, but even if not, it would still be a very liquid investment, and, like the Krugerrand, would be acceptable to any seller if you were to offer it. However, as inflation gets worse, I expect to see gold clause contracts, and price changes pegged to gold. The von Mises, if common enough, could become the *numeraire* instead of simply one ounce of gold, and from that, it would start to circulate.

As for Mr. Crim's calculations, I should point out that they presuppose a universe in which it is possible to formulate a correct econometric model. In other words, Mr. Crim is falling into the old econometric fallacy, and apparently has not read von Mises. Gold, like any other commodity or service, is worth exactly what people are willing to pay for it. I would be happy to supply Mr. Crim with all the gold he wants at $750 an ounce. A commodity or service can only be spoken of an 'overvalued' or 'undervalued' when government price maxima or minima distort the market.

If someone wants to produce private 'coins', they are welcome to it. Donald McLaughlin, formerly President and Chairman of Homestake Mining Co., has suggested that Homestake pay its dividends in such a gold coin. Several South African gold mines are considering the idea (it has tax advantages for British share holders). I certainly would like to see this done, and will accept them for subscriptions to *The Charles Curley Letter.*—**C.R.C.**

RADICAL APPROACH

The June issue provides much valuable information and insight into current problems. There is one thing, however, that I find disappointing in the tone of David Bergland's article. Although the defensive techniques of low-profile tax resistance are useful, for the time being, the use of loopholes in tax law does not serve the true libertarian end of eliminating taxation. As loopholes are noticed, legislators will attempt to plug each one. The range and effectiveness of available defensive tactics will decrease (the aplomb of Browne notwithstanding), and the pro-slavery intellectual climate will not soften. If active tax resistance is not fostered, we will never radicalize enough people to make constructive changes.

Bergland implies that writings encouraging anti-tax activism are irresponsible. I think this is wrong, if for no other reason than that they are psychologically satisfying to their consumers. It is typical for libertarians to regard the IRS and its lackeys as common thieves and murderers, and to want to react accordingly. There is little inner gratification in playing hide and seek games with criminals. It is more satisfying to hold them in contempt, to feel superior, and to dream of giving them what they deserve. It is natural that we develop Ragnar complexes. Playing parlor games with looters becomes frustrating; we don't win, and in the long run we most likely lose.

There are really three general ways to approach the problem. Loophole tactics is one. The heroics of Bray, Scott and Kellems is a sort of middle-of-the-road, compared to the third, which I will only mention here: physical force, skillfully used, in self-defense. The thought of striking back has a lusty, romantic relish to it, not to mention the probability that the whole situation will eventually reduce to this in practice. For the present, anyway, courses of action involving leakproof containers, concrete, and deep bodies of water should at least furnish interesting and emotionally engaging thought experiments.

Robert Miller
Bozeman, MT

HIT THE SPOT

I want to thank Charles R. Curley for his letter ["Letters", June] in which he gave a question which he asks of arch-conservatives and libertarians who oppose amnesty for draft evaders (and which, he states, has gone unanswered): "What is your stand on the question of amnesty for gold bullion owners?"

I wasn't able to answer it either. In fact, it caused me to undergo the quickest change of mind I have ever experienced on an important issue. It did so by making clear to me the principle underlying *both* questions of amnesty.

My thanks to Mr. Curley and I hope he hasn't copyrighted the question because I am now using it myself. (It's still unanswered.)

Robert O. Baures
Medford, OR

IN THE LONG RUN . . .

Ronald Reagan (interviewed in the July REASON) said, in a recently reported speech, "If the present trend continues, the free enterprise system will cease to exist within 25 years." Note that Reagan's statement implies that "the free enterprise system" *presently* exists. It implies that the status quo of socialism-welfarism-fascism is actually "free enterprise." His utterance suggests to me that Reagan, the self-styled "libertarian-conservative," is really just another (unhyphenated) conservative ("One inclined to preserve the statist quo"). Now, if Reagan wishes to traverse the country posturing as a "libertarian" or a defender of "free enterprise," I cannot prevent him from doing so. But I can, and do, console myself with the knowledge that if the present trend continues, Ronald Reagan will cease to exist within 25 years.

L. A. Rollins
Baldwin Park, CA

AHA!

Congratulations on your interview with Ronald Reagan.

Now we know!—Reagan is no libertarian —and looking at his spending record, he's no conservative either. Just another welfare-warfare statist.

You omitted to mention one of the real gems of the Reagan Administration—support for the Federal Earth Resources Technical Satellites (ERTS). How does he equate THAT with individualism and freedom?

Antony C. Sutton
Aptos, CA

THE SHADOW KNOWS

I have discovered another one of those "grey areas" which Governor Reagan forgot to mention: the dark grey shadow he casts on the good name of libertarianism every time he applies that label to himself.

Paul Bilzi
State College, PA

Reason's Letter of the Month

The letter below, by subscriber John McClaughry, appeared in the June 28, 1975 issue of the *Burlington (Vt.) Free Press:*

ZONING AND THE HOUSING SHORTAGE

Recently there has been considerable discussion in Montpelier about restrictive town zoning. The state planners point out, quite correctly, that many towns are using zoning to prevent the construction of lower income housing, particularly mobile homes. The remedy, according to the state planners, is to remove the zoning power to a higher level and require towns to provide adequate housing for all inhabitants.

This new thrust by the planners parallels the recent views of planners all across the country. If planning and zoning produce shortages, they say, let's turn planning and zoning over to people with loftier visions of the Greater Good. Then it will work properly, out of reach of narrow-minded local people who lack graduate degrees in planning. So they say.

The British experience is worth noting in this regard. Britain has had since 1947 a very strong national land use control system. One result was that the price of housing soared out of sight. To deal with this, the people who gave them the problem then gave them price controls to solve the problem. That extinguished the private homebuilding industry and left governments as the major developers of ordinary housing. That is, of course, about where we are heading in Vermont.

Yugoslavia followed a similar course, putting government in charge of housing at an early stage in the socialist milennium. An item in the Washington Star News last month tells how some 150,000 Yugoslavs have illegally—in contemptuous defiance of proper socialist principles—built their own houses instead of huddling in the snow until the government can get around to it. When the authorities started to tear down these dwellings, they had to lay off or face an insurrection.

If you want an increase in the supply of decent housing within the reach of working families in Vermont, the remedy is not to give more power to the people whose theories did so much to cause the problem. The answer is to attack the numerous government laws and policies which operate to prevent the creation of that housing, starting with local zoning itself. That list also includes Act 250, subdivision regulations, building codes, the mortgage interest ceiling, and the capital gains tax on land. On the other hand, if you don't want more housing for Vermonters, sit tight. You're in the driver's seat.

John McClaughry
Kirby, VT

REASON subscribers are encouraged to write letters to the editor of their favorite newspaper, magazine, or journal, presenting libertarian views on topics of current interest. Each month REASON selects the most notable published letter for republication in this space, and honors the writer by a six-month extension of his or her REASON subscription. Send copies of your published letters to Reason Letter of the Month, Box 6151, Santa Barbara, CA 93111.

KID GLOVES

There is of course nothing inherently the matter with interviewing a statist like Ronald Reagan in a libertarian magazine [July]. But there *is* something the matter with the rather deferential manner in which Mr. Klausner conducted this interview. Two points need to be made:

(1) In two crucial places in the interview Reagan tried to blur principles which were mostly, if not totally, antagonistic: that of conservatism versus libertarianism, and force versus voluntarism. Why didn't Mr. Klausner press Reagan with questions concerning the enormous differences, both philosophical and historical, between conservatism and libertarianism, and why didn't he challenge Reagan's stupid attempt to demonstrate that "voluntarism does get into a kind of force and coercion"?

One might overlook these points as mere oversights, but Mr. Klausner's questions concerning Reagan's "individualism" [!!??!!] and whether Reagan would support a Libertarian party candidate in 1976 tend to indicate that he *really* believes Reagan to be at least a quasi-libertarian. But what could Reagan, who *supports* victimless crime laws, taxation, and an interventionist foreign policy, have in common with a party and a philosophy that *opposes* these??

(2) Equally important, why didn't Mr. Klausner ask Reagan questions about many of his statist policies in the political arena? I am referring to his almost 100 percent support of Nixon during the Watergate scandal, his notorious conduct while governor of California in the "People's Park" incident, and his attempt, also while governor, to prevent Eldridge Cleaver from speaking at Berkeley?

These are meant as serious, not rhetorical questions, and they deserve serious answers. In a magazine entitled REASON Mr. Klausner is under an obligation to explain to libertarians why he treated Ronald Reagan so timidly.

Danny Shapiro
Long Island City, NY

MR. KLAUSNER replies: One of our primary objectives in conducting the interview with Ronald Reagan was to publish his views on a wide variety of issues, so that readers could judge for themselves how close Reagan comes to libertarianism. As pointed out in the introduction to the interview, although he has used the term "libertarian" to describe his position, Reagan's record in office, while generally conservative, is not particularly libertarian. Because of strict time constraints on our interview, we did not have time to go into all the areas we had planned to. Nevertheless, in the interview Reagan clearly indicated his belief in the need for paternalistic government control in many areas —despite his claim that he doesn't believe "in a government that protects us from ourselves"—and he conceded that "government's only weapons are force and coercion" after he had indicated his view that "our government . . . is a voluntary approach." Although Reagan espouses the *rhetoric* of individualism and takes profreedom positions in certain areas, I am surprised that reader Shapiro would think that I believe Reagan to be a quasi-libertarian, in the face of the many statist positions that Reagan expressed in the interview which flatly contradict his generally libertarian premises.—**M.S.K.**

ANTI-ANARCHY

Murray Rothbard has recently written that "What has been happening so swiftly in Indochina can only be exhilarating to any libertarian." But what actually happened in Viet Nam was that brutal murderers took control of a territory and inflicted on its residents a regime of terror and repression. In the process other persons, somewhat less brutal and repressive, were replaced as governors of that territory.

If libertarians are to be "exhilarated" whenever such a process occurs, then I suppose we should be overjoyed at what has gone on recently in Portugal—and ecstatic over the prospect of a similar dis-

placement in Italy, Spain, France, Western Germany, Belgium, Great Britain, and, even more so, in the United States.

Perhaps Mr. Rothbard meant that our exhilaration should be confined to only the demise of the existing interventionist regime, that it should not extend to the replacement of the existing government by an even more repressive one. However, the prospects of overthrow of a repressive regime by a more libertarian one are, strictly speaking, *nil.*

Mr. Rothbard delights in what he calls the "death of a State." But the existential reality which calls states into being never dies. Let us quit kidding ourselves. Brute force is an imperishable feature of life as we know it. "State" in the classical Western tradition is the name for a device designed to keep such force under control, so that liberty may exist. Of course states have tended generally to become instruments themselves of immoral force. *Perhaps* they always will. But one thing is *certain.* The disappearance of what we call "State" will not involve also the disappearance of force. It will involve the disappearance of any reasonable chance to contain force—and for the free society to survive.

Mr. Rothbard presumes too much in saying that "What has been happening so swiftly in Indochina can only be exhilarating to any libertarian." Many with libertarian credentials equal or superior to his will disagree. I at any rate am not exhilarated. On the contrary, no event of the past generation has grieved me more than has the fall of South Viet Nam to the worst gang of murderers the world has ever known.

Someone needs to demonstrate apodictically (as the Master used to say) that the traditional law-state is indispensable to the free society, that free contracting for law and order services cannot be thought through to a noncontradictory conclusion, and that, therefore, contemporary hankering for "private-property anarchy" is chimerical (to say the least). If and when that job is done, it will no longer be possible for anyone correctly to call himself both an anarchist and a libertarian, and the one area of serious disagreement I have with Mr. Rothbard will disappear.

Sylvester Petro
Winston-Salem, NC

NAIVE AND RECKLESS

A word about Rothbard's July "Viewpoint": asinine. How can libertarians rejoice in the fall of the Thieu and Lon Nol regimes? They did not fall to a grassroots revolution but to forces armed, trained and supplied by an extraterratorial predator-state. That is not a blow against imperialism—it is a vindication of it! Thieu and Lon Nol were dictators, yes, but of the petty despot kind; free exchange between individuals could still take place on a limited basis. The new regimes are unquestionably worse; they intend—have already begun—to recast their entire social structures in an ant-hill collectivist mold, controlling thought as well as deed.

In comparing a run-of-the-mill dictatorship such as that of Lon Nol, Thieu, Franco or Peron to that of ideological or racial fanatics such as Mao, Hitler or the new Saigon and Phnom Penh regimes, the former is preferable (assuming one must live in a dictatorship). A rational mind can find ways to survive in the former; it will surely be extinguished in the latter.

I can see no cause for rejoicing in the replacement of petty despots by totalitarian fanatics. Rather, I mourn for the people of Viet Nam and Cambodia, for the past few decades of their history and especially for the past few months of it. Prof. Rothbard is brilliant in economics and domestic affairs; but as for foreign policy, he is naive and reckless.

Dr. F. Paul Wilson
Bricktown, NJ

AFTER THE FALL . . . WHAT?

So Murray Rothbard thinks what has happened recently in Indochina "can only be exhilarating to any libertarian." ["Viewpoint," July 1975] His reason for feeling exhilaration is that two states have collapsed: South Vietnam and Cambodia. I readily agree with Rothbard that neither of those states was a paragon of libertarian virtue, but—as he pointed out in his article—the vacuum left by their demise was filled almost instantly by individuals representing other states, easily as insidious as their predecessors. Also, has Rothbard forgotten the tremendous cost in innocent lives required to bring about the downfall of those states? Where in all this chaos and carnage are there grounds for exhilaration?

The point of Rothbard's column seems to be that one should derive pleasure merely from observing the destruction of a state, regardless of how it is done, or of what takes place afterwards. This type of thinking reflects the shallowness of many libertarians, who are so preoccupied with bringing down the State, that they fail to give serious thought to what type of society they wish to erect amid the ruins.

Little thought has been given to making libertarianism a social movement, instead of simply a political one. The idea prevails among libertarians that once the State is dismantled and the market freed, utopia will have been reached. But, all the free market does is allow you to make choices; it doesn't tell you which ones to make. Society could be free, and people might still beat their dog, practice chauvinism and racism, immerse themselves in cheap goods and passing fads, dictate to their children, kill themselves smoking, and worship God and Ayn Rand. The market for liberty, is also potentially the market for stupidity.

I have observed for instance, that most libertarians envision their future utopia as a giant Macys wherein they may sate themselves with electric toothbrushes and can openers, paper plates, candied apples, booze, and Cadillacs. Their rationale for the free market seems to be that it will make everyone rich, not that it will provide latitude for new lifestyles and the growth of human culture and diversity.

The Libertarian Party's ad for its national convention, in the same issue of REASON, documents this consumerist attitude. The agenda includes, boat rides around Manhattan, and bus tours of the same area; also closed-circuit coverage of the convention, instant replays of motions and voting results, and receptions, all of which will be located in the Statler Hilton Hotel.

If libertarians wish to achieve a new society, they must concern themselves with more than the merely political and economic. They must inquire into those values that make life worth living, regardless of the political situation.

Steven D. Kimball
Seattle, WA

Letters from readers are welcome. Each receives editorial consideration, although only a selection can be published and none individually acknowledged. They should be kept as brief as possible and are subject to condensation. Letters submitted for publication in this column should be typed, double-spaced. Send letters to REASON, P.O. Box 6151, Santa Barbara, CA 93111.

LUCIFER'S LEXICON
by L. A. Rollins

administer, v.t. To inflict, as a medicine, a sacrament, justice, or a government. "With any government we are accursed, And what is best administered is worst." —*Alexander Antipope*

ahimsa, n. The Hindu doctrine that all life is sacred, exemplified in practice by starving to death.

Americanist, n. One who loves US and hates THEM.

apostate, n. An ex-apostle. A Christian soldier gone over the hill.

ass, n. A fool who cannot tell himself from a hole in the ground. A Tom Snyder.

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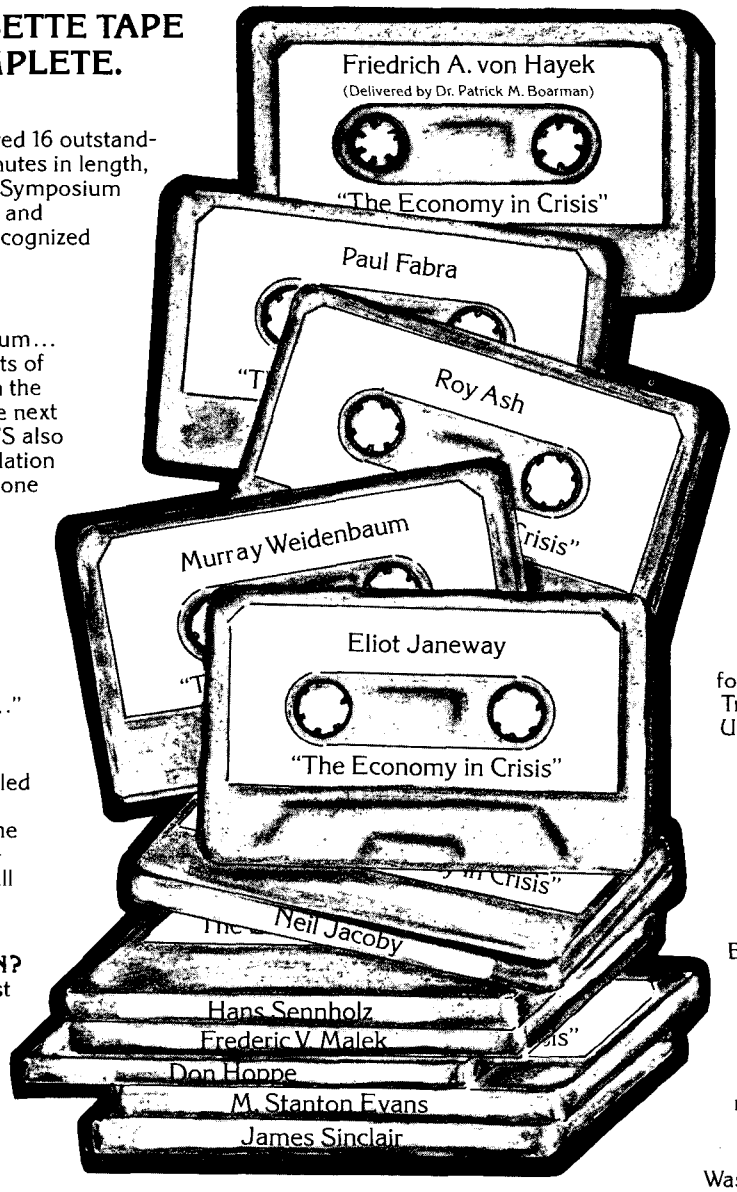

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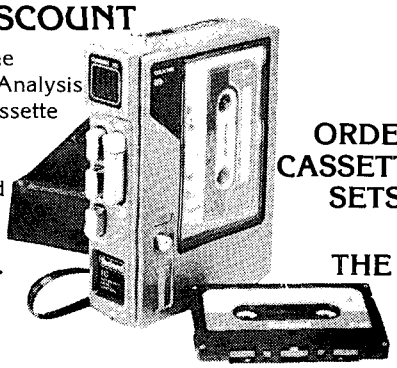

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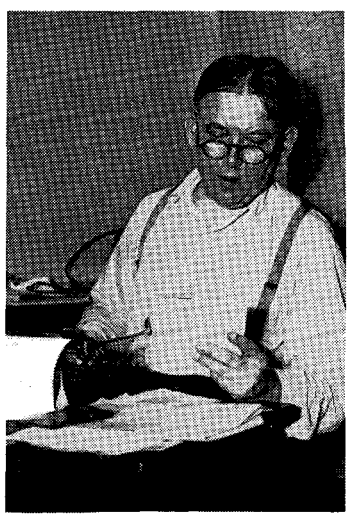

With Mencken, newspapering was a lifelong love affair. He was a giant on the Baltimore *Sun* for more than 40 years, and he had edited another Baltimore paper before joining the *Sun*. Over the years he held down almost every editorial and reporting job in the business. He was a confidant of publishers. When he died in 1956, the *Sun*'s obituary identified him as "newspaper man, critic, wit and Baltimore's best-known writer."

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Mencken on American newspapers

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